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SENATE

Report
100-60

INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1987

May 22, 1987.—Ordered to be printed

Filed under authority of the order of the Senate of May 21 (legislative day, May 13), 1987

Mr. Pell, from the Committee on Foreign Relations, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 1274]

The Committee on Foreign Relations having had under consideration an original bill to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize international development and security assistance programs and Peace Corps programs for fiscal year 1988, to authorize payments to certain Multilateral Development Banks, and for other purposes, reports favorably thereon and recommends that the bill do pass.

Purpose of the Bill

The principal purpose of this bill is to authorize appropriations of $11,149,980,284 for fiscal year 1988 military and economic assistance programs, including the Peace Corps, the Inter-American Foundation, and the African Development Foundation. In addition, $4,178,843,648 is authorized for multiyear U.S. contributions to the International Development Association, the Asian Development Fund, and the African Development Bank, with a $700 million appropriation ceiling on fiscal year 1988 contributions.

SUMMARY OF MAJOR PROVISIONS

—The bill authorizes $5.106 billion for the Foreign Military Sales Credit Program, grant military assistance, and international military education and training with the following earmarks:

Israel (FMS)—$1.8 billion
Egypt (FMS)—$1.3 billion
Greece (FMS and MAP)—$343 million
Turkey (FMS and MAP)—$490 million
Tunisia (MAP)—$15 million
Philippines (MAP)—$88 million
Guatemala (MAP)—$5 million
Narcotics Control (MAP)—$1 million
Narcotics Control (IMET)—$2 million

—The bill authorizes FMS market rate loans, and establishes a new category of FMS assistance in grant form, known as section 23 grants. The administration is authorized to make market rate loans, grants, or a combination of the two (but not loans at concessional rates) to all countries

—The bill maintains the current level of forgiven FMS credits, now designated as section 23 grants, for Israel and Egypt at $1.8 and $1.3 billion, respectively.

—Military assistance for Greece is earmarked at $343 million, and a $490 million ceiling is placed on military aid to Turkey. Thus, the 7-to-10 ratio in military aid to these two countries is retained. The bill stipulates that the same proportion of each category of FMS financing and MAP grants that is extended to Turkey also be extended to Greece in fiscal year 1988.

—The bill extends the existing authorization to transfer excess defense articles to NATO southern flank countries (Greece, Italy, Portugal, Spain, and Turkey), to include Israel and Egypt, and stipulates that the ratio of the value of excess defense articles made available to Turkey to the value of such articles made available to Greece closely approximate the 7-to-10 ratio applicable to military assistance to these two countries.

—The bill prohibits the transfer to or use on Cyprus of United States military equipment provided to Turkey after the date of enactment, except upon Presidential certification that Turkey's use of United States military equipment on Cyprus is necessary to enable Turkey to respond to an armed attack against a NATO country.

—The bill authorizes $3.498 billion for the Economic Support Fund, with the following country earmarks:

Israel—$1.2 billion
Egypt—$815 million
Cyprus—$15 million
Portugal—$80 million
Tunisia—$20 million
Philippines—$162 million
Anglo-Irish International Fund—$35 million
Jordan's Development Project for West Bank and Gaza—$20 million
Sub-Saharan Africa—$110 million, of which $50 million is further earmarked for the Southern African Development Coordination Conference

Costa Rica—$100 million
El Salvador—$160 million
Guatemala—$80 million
Honduras—$60 million
Afghan People—$15 million (development assistance may also be used).

—The bill expands the role of private voluntary organizations (PVO's) in the development assistance program;

—The bill also reverses two population policies which have been promulgated by the administration in recent years.

—The bill adds a new chapter 7 to the Foreign Assistance Act authorizing $450 million for famine recovery and development in sub-Saharan Africa. This new title, in addition to the Economic Support Fund earmark, brings the total funding in the bill specifically designated for Africa to $560 million.

—The bill extends for 2 years the waiver for Pakistan of the Symington nuclear nonproliferation amendment.

—The bill, in title VI, relating to Latin America and the Caribbean, earmarks a total of $440 million Economic Support Funds, and places a ceiling of $150 million on Military Assistance Program (MAP) grants for the four Central American democracies.

—The bill prohibits the sale of supersonic jet tactical fighter aircraft to any country in Central America.

—The bill authorizes $146.2 million for the Peace Corps.

SUMMARY OF AUTHORIZATIONS

The Committee began its consideration of the fiscal year 1988 authorization be agreeing to a joint markup on the budget offered by Chairman Pell and the Ranking Minority Member, Senator Helms. Within the parameters of the joint mark, all authorizations were maintained at the current level of funding as provided for in the fiscal year 1987 Continuing Resolution (P.L. 99-591).

Under procedures established for the markup, any increase above this program "freeze" level was offset by a reduction from some other foreign assistance program or account.

The Committee did not approve the Administration's request for a 13.5 percent increase above a freeze level. In view of the overall budgetary constraint facing the Congress, the Committee felt that such large increases could not be achieved. Indeed, the Committee notes that the likely outcome of the Budget conference on the budget resolution for fiscal year 1988 would require significant reductions below the freeze level represented in the reported bill. As reported, the International Security and Development Cooperation Act of 1987 authorizes a total of $11,850,000,000 which is $161,000,000 below an absolute program level freeze.

FOREIGN ASSISTANCE—COMPARATIVE TABLES, FISCAL YEAR 1987 TO FISCAL YEAR 1988

[In millions of dollars]

	Fiscal year—		
	1987 continuing resolution	1988 administration request	1988 SFRC recommendation
Agriculture, rural development and nutrition	639.6	471.0	498.2
Population planning	234.6	207.5	215.3
Health	166.8	120.1	139.5
Child survival fund	75.0	61.0	61.5
Education and human resources development	158.0	123.7	123.8
Private sector, energy, and private voluntary organizations	140.3	162.7	133.2
Sahel Development Program	70.0		
Development Fund for Africa		500.0	450.0
American schools and hospitals abroad	35.0	20.0	45.0
Disaster assistance	70.0	25.0	25.0
AID operating expenses	340.6	426.8	340.6
Operating expenses, Inspector General	21.0	22.7	21.0
Development assistance subtotal	1,950.9	2,140.4	2,053.0
Economic support fund	3,550.0	3,587.5	3,498.9
Trade and Development Program	20.0	20.0	20.0
International organizations and programs	237.3	194.0	237.3
International narcotics control	118.4	98.8	118.4
Inter-American Foundation	11.8	11.3	11.8
African Development Foundation	6.5	6.8	6.5
Peace Corps	130.0	130.7	146.2
Total economic assistance	6,024.9	6,189.4	6,092.1
Military assistance (MAP)	900.0	1,329.8	919.9
International military education and training	56.0	56.0	56.0
Foreign military sales	4,040.4	4,421.2	4,040.4
Peacekeeping operations	31.7	46.3	31.7
Antiterrorism assistance	9.8	9.8	9.8
Military assistance subtotal	5,038.0	5,863.1	5,057.9
Total bilateral assistance	11,062.9	12,052.5	11,150.0
Multilateral development banks	949.3	1,818.7	700.0

COMMITTEE ACTION

The following bills were referred to the Foreign Relations Committee and some or all of their provisions were consolidated into an original bill:

S. 475, to provide meaningful levels of economic assistance to the Southern African Development Coordination Conference (SADCC), which was introduced by Senators Kennedy, Weicker, Specter, Kerry, Simon, Levin, and Biden on February 4, 1987;

S. Con. Res. 24, supporting the initiative of Central American heads of state, meeting in San José, Costa Rica, in formulating a regional proposal for bringing about an end to the armed conflict in Central America, and for other purposes, which was introduced by Senators Sanford, Dodd, Evans, Kerry, Lugar, Trible, Byrd, Pell, and Bingaman on February 26, 1987;

S. 630, to prohibit the use on Cyprus of military equipment provided to Turkey by the United States and to require that certain information regarding activities on Cyprus of the Turkish armed forces be included in the periodic reports submitted to Congress, which was introduced by Senators Pell, Pressler, Biden, Specter, Mikulski, D'Amato, and Simon on March 3, 1987;

S. 701, to amend the Foreign Assistance Act of 1961 to establish a separate authorization for assistance for famine recovery and long-term development in sub-Saharan Africa, and for other purposes, which was introduced by Senators Simon, Kassebaum, Pell, Kennedy, Kasten, Danforth, Kerry, Dodd, Biden, D'Amato, and Simpson on March 10, 1987;

S. 720, to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize additional development and security assistance programs for fiscal year 1988, and for other purposes, which was introduced by Senator Pell on behalf of the executive branch on March 11, 1987;

S. 739, to provide for participation by the United States in replenishments of the International Development Association and the Asian Development Fund and in a capital increase of the African Development Bank, for membership for the United States in the Multilateral Investment Guarantee Agency, for U.S. acceptance of the merger of the capital, resources of the Inter-American Development Bank, and for other purposes, which was introduced by Senator Pell, on behalf of the Executive branch, on March 12, 1987;

S. 750, to amend the Foreign Assistance Act of 1961 to authorize appropriations for the Child Survival Fund, which was introduced by Senators Bradley and Matsunaga on March 17, 1987;

S. 768, to amend section 123 of the Foreign Assistance Act of 1961, relating to private and voluntary organizations and cooperatives, in order to enhance the private-public partnership for foreign assistance, which was introduced by Senator Pell on March 18, 1987;

S. 792, to authorize appropriations for fiscal years 1988 and 1989 for the Inter-American Foundation, which was introduced by Senator Pell on behalf of the executive branch on March 19, 1987;

S. 793, to authorize appropriations for the African Development Foundation, which was introduced by Senator Pell on behalf of the executive branch on March 19, 1987;

S. 815, to amend the Peace Corps Act, and for other purposes, which was introduced by Senator Pell on behalf of the executive branch on March 23, 1987;

S. 842, to amend the Peace Corps Act to authorize appropriations for fiscal years 1988 and 1989, to authorize the encouraging of contributions to the Peace Corps, and to provide for activities to promote Americans' understanding of other peoples, which was introduced by Senator Cranston on March 25, 1987;

S. 851, to provide Federal financial assistance to States offering scholarships to financially needy students from certain Latin American and Caribbean countries, and for other purposes, which was introduced by Senators Graham, Bradley, Chiles, Dodd, Dole, and Kerry on March 26, 1987.

The Foreign Relations Committee and its subcommittees held nine hearings on the above legislation:

February 24, 1987—Overview of the administration's foreign aid authorization request (Secretary of State Shultz);

February 25, 1987—Multilateral Development Banks authorization request (Secretary of the Treasury Baker);

February 26, 1987—International security and development assistance;

March 10, 1987—International security and development assistance;

March 12, 1987—United States assistance for sub-Saharan Africa;

March 16, 1987—International narcotics program request;

March 23, 1987—Foreign assistance request for the Near East and South Asia;

March 25, 1987—Foreign assistance request for the Western Hemisphere; and

March 26, 1987—Peace Corps authorization request.

In addition to the Secretaries of State and Treasury, 44 other witnesses from the executive branch and the private sector testified during these hearings.

On April 8, 9, 22, and 23 the committee met to mark up the legislation listed above. The chairman, Senator Pell, proposed a committee print to serve as the markup document. Included in the committee print was a program-level freeze, offered on behalf of Senator Pell and the ranking minority member, Senator Helms, which froze all new authorizations for fiscal year 1988 at the level appropriated for each program for fiscal year 1987. The first action taken by the committee was to adopt the Pell/Helms funding mark.

On April 23, the committee voted 17-2 to report favorably an original bill. Ayes: Senators Pell, Biden, Sarbanes, Cranston, Dodd, Kerry, Simon, Sanford, Adams, Moynihan, Kassebaum, Boschwitz, Pressler, Murkowski, Trible, Evans, and McConnell. Nays: Senators Helms and Lugar.

During the course of the 4-day markup the following record votes were taken:

On April 8, an amendment offered by Senator Lugar, raising the Pell/Helms funding mark for bilateral aid from $11.154 billion to $12.075 billion, the amount requested by the administration, was rejected by a vote of 4-13. Ayes: Senators Lugar, Kassebaum, Evans, and McConnell. Nays: Senators Pell, Biden, Sarbanes, Cranston, Dodd, Kerry, Simon, Sanford, Adams, Moynihan, Helms, Pressler, and Trible.

On April 8, an amendment offered by Senator Kassebaum to require proportional reductions in all earmarks if the overall account under which earmarks are specified is reduced was rejected, 4-13. Ayes: Senators Lugar, Kassebaum, Trible, and Evans. Nays: Senators Pell, Biden, Sarbanes, Cranston, Dodd, Kerry, Simon, Sanford, Adams, Moynihan, Helms, Pressler, and McConnell.

On April 22, an amendment offered by Senator Helms requiring that all projects on the West Bank and Gaza funded through the $20 million earmark for Jordan's development program on the West Bank and Gaza be coapproved by Israel was rejected, 2-15. Ayes: Senators Helms and Pressler. Nays: Senators Pell, Biden, Sarbanes, Dodd, Kerry, Simon, Sanford, Adams, Moynihan, Lugar, Kassebaum, Boschwitz, Trible, Evans, and McConnell.

On April 22, an amendment offered by Senator Sarbanes requiring that all but the smallest recipient of cash transfers under the Economic Support Fund agree to use an amount equal to the amount of cash transfer to purchase U.S. goods and services, and that such goods be subject to U.S. cargo preference requirements was adopted, 12-7. Ayes: Senators Pell, Biden, Sarbanes, Cranston, Dodd, Kerry, Simon, Sanford, Adams, Moynihan, Murkowski, and Trible. Nays: Senators Helms, Lugar, Kassebaum, Boschwitz, Pressler, Evans, and McConnell.

On April 22, an amendment offered by Senator Helms prohibiting funds for population control from going to any organization which supports or participates in the management of a program of coercive abortion or involuntary sterilization was rejected by a vote of 7-11. Ayes: Senators Sarbanes, Helms, Lugar, Boschwitz, Pressler, Trible, and McConnell. Nays: Senators Pell, Biden, Cranston, Dodd, Kerry, Simon, Sanford, Adams, Moynihan, Kassebaum, and Evans.

On April 22, an amendment offered by Senator Helms establishing an incremental escalation in the percentage of PVO funding that must be from the private sector, increasing the earmark for PVO's, and raising the target for PVO funding, was rejected, 2-14. Ayes: Senators Helms and McConnell. Nays: Senators Pell, Biden, Sarbanes, Cranston, Dodd, Kerry, Simon, Sanford, Adams, Moynihan, Lugar, Pressler, Trible, and Evans.

On April 22, an amendment offered by Senator McConnell to delete the $50 million earmark for the Southern African Development Coordination Conference (SADCC) contained in the committee print was rejected, 5-13. Ayes: Senators Helms, Boschwitz, Pressler, Trible, and McConnell. Nays: Senators Pell, Biden, Sarbanes, Cranston, Dodd, Kerry, Simon, Sanford, Adams, Moynihan, Lugar, Kassebaum, and Evans.

On April 22, an amendment offered by Senator McConnell applying to the South Africa countries, as a precondition for assistance, certain human rights standards was rejected by a vote of 2-15. Ayes: Senators Helms and Pressler. Nays: Senators Pell, Biden, Cranston, Dodd, Kerry, Simon, Sanford, Adams, Moynihan, Lugar, Kassebaum, Boschwitz, Trible, Evans, and McConnell.

On April 22, an amendment offered by Senator Helms prohibiting assistance to any country in Southern Africa that has troops stationed outside its borders or permits foreign military troops within its territories in support of the suppression of any pro-Western insurrection or rebellion was rejected, 2-15. Ayes: Senators Helms and Pressler. Nays: Senators Pell, Biden, Sarbanes, Cranston, Dodd, Kerry, Simon, Sanford, Adams, Moynihan, Kassebaum, Boschwitz, Trible, Evans, and McConnell.

On April 23, an amendment offered by Senator McConnell making prospective the Pell-Helms amendment requiring Senate confirmation of AID Assistant Administrators for specific positions was adopted, 12-4. Ayes: Senators Sarbanes, Cranston, Kerry, Simon, Adams, Moynihan, Lugar, Boschwitz, Murkowski, Trible, Evans, and McConnell. Nays: Senators Pell, Dodd, Helms, and Pressler.

Lavi project, that the U.S. agreement is not required for other advanced weapons systems, was adopted by a vote of 14–3. Ayes: Senators Pell, Biden, Sarbanes, Cranston, Dodd, Kerry, Simon, Adams, Moynihan, Lugar, Boschwitz, Pressler, Trible, and McConnell. Nays: Senators Sanford, Helms, and Evans.

On April 23, an amendment offered by Senator Helms to delete the provision in the committee print deleting the existing expedited procedures for consideration of narcotics decertification established by the 1986 Anti-Drug Abuse Act was rejected, 5–13. Ayes: Senators Helms, Boschwitz, Pressler, Trible, and McConnell. Nays: Senators Pell, Biden, Sarbanes, Cranston, Dodd, Kerry, Simon, Sanford, Adams, Moynihan, Lugar, Kassebaum, and Evans.

Committee Comments

A. Military assistance programs

U.S. military assistance consists of several programs which provide financing support to foreign countries for the purchase of defense articles, services, and training from the United States.

The committee maintains the Foreign Military Sales Credit Program, the grant International Military Education and Training (IMET), the Anti-Terrorism and Peacekeeping Operations Programs at the fiscal year 1987 Continuing Resolution funding levels. The grant Military Assistance Program received a slight net increase in funding over the continuing resolution level. An increase in MAP to meet urgent military needs in the Philippines was agreed to, with a compensating reduction made in the Economic Support Fund Program. Funds were transferred from MAP in order to increase funds for African development, American schools and hospitals abroad, and the Peace Corps.

The committee decided to make certain changes in the terms under which FMS credits authorized by this bill are extended. The administration had requested that all the credits be extended at concessional rates, as is the current practice, which would have helped nations with economic difficulties including debt repayment problems. However, such an approach seemed inappropriate in cases of nations desiring financing but able to repay at market rates. In addition, some committee members, particularly Senator Murkowski, were concerned about the lack of straightforwardness of the present financing practices. After some discussion, the committee decided to create a new category of assistance known as section 23 grants (refers to section 23 of the Arms Export Control Act which provides basic authority for foreign military sales credits), for which both interest and principal may be forgiven. At the same time, the committee provided that the funds authorized in this bill be disbursed as either market rate loans or as section 23 grants. Loans at concessional rates are not provided for, but the administration will be free, except in the case of countries which are specified in the bill to receive section grants, to decide upon the most appropriate types of loans. In individual cases, the choice might be market rate loans, section 23 grants, or a combination of the two, in order to create de facto concessionality.

The administration is to report back to Congress as to the allocation decisions it has made, and the committee expects to review the situation thoroughly in connection with the next authorization to see if further changes are necessary to ensure the maintenance of a practical, workable military assistance program consistent with our national security needs and those of our friends and allies.

Consistent with these decisions, the committee earmarked $1.8 billion for Israel and $1.3 billion for Egypt—all of which is provided as section 23 grants in the FMS Program.

The committee limited total FMS market rate financing, section 23 grants, and MAP to Turkey for fiscal year 1988 to $490 million. The sum of $343 million was earmarked for Greece; FMS credits, section 23 grants, and MAP grants are to be made available to Greece in the same proportions as they are for Turkey. The spending levels for Israel, Egypt, Greece, and Turkey are the same as in the continuing resolution for fiscal year 1987. In addition, the following MAP earmarks were set: $15 million for Tunisia; $88 million for the Philippines; $1 million for narcotics control; and $5 million for Guatemala.

B. Economic assistance programs

For fiscal year 1988 the committee approved authorizations totaling $6,092,110,000 for economic assistance which constitutes almost 55 percent of the total bilateral foreign aid authorizations recommended in this legislation. In increasing the ratio of economic to military assistance above that requested by the administration, the committee reaffirms its strong commitment to nonmilitary, developmental solutions to Third World problems. While military and security assistance is a critical and necessary component of U.S. foreign policy, in most developing countries the challenge of meeting basic human needs such as clean water supplies, provision of primary health care, and the availability of basic education remains compelling. It is in recognition of that reality that the committee has placed a primacy on economic assistance in this legislation.

C. Assistance to Camp David Accord participants

In keeping with a program freeze level of spending the committee has frozen military and economic assistance to Israel and Egypt for fiscal year 1988 at the current level of funding. The levels are $1.8 billion in military aid and $1.2 billion in economic aid for Israel, and $1.3 billion in military aid and $815 milion in economic aid for Egypt. All of the aid is proposed to be in the form of grants, as has been the case for the past 4 years.

For Egypt the committee voted to earmark $115 million of the total of proposed economic support funds (ESF) as a cash grant transfer to assist Egypt to meet its balance-of-payments difficulties as it attempts to undertake serious structural economic reforms. In addition, the committee adopted an amendment offered by Senator Boschwitz to authorize the provision of an additional $115 million of the total ESF provided Egypt if Egypt is implementing significant structural economic reforms in conjunction with an economic agreement with the International Monetary Fund.

In approving this authority—which is also contained in the fiscal year 1987 continuing resolution—the committee wishes to stress its strong view that cash grant transfers generally can serve short-term economic objectives. However, the obvious tradeoff is that fewer development projects get funded. Although there have been problems associated with some of the United States aid programs in Egypt in the past, the committee notes that both Egypt and the United States have a stake in producing tangible economic and social benefits attributable to the Camp David accords. This so-called peace dividend is in large measure a function of the kinds of projects and programs financed by our substantial bilateral economic aid program. To the extent that an increasing amount of that aid is in the form of a checkwriting operation, the tangible nature of the benefits derived from such aid is diminished. It is the view of the committee that any increases above $115 million annually in cash transfers to Egypt ought to be predicated on clear and substantial progress in implementing structural economic reforms.

In providing an all-cash grant for Israel, the committee recognizes that fast disbursing economic assistance has helped Israel to stabilize its economy over the past 2 years. The committee applauds the efforts of the Israeli Government to stabilize its economy by undertaking significant reforms which have drastically reduced inflation, lessened government controls over the private sector, and restored healthy export markets for Israeli-made products.

The committee was mindful of the impact a freeze in military aid spending might have upon the military postures of our friends and allies. Accordingly, the committee paid particular attention to ways in which the military assistance could be stretched further, and decided to take such steps as giving the President authority to waive certain research and development charges on sales with FMS financing, including the cost of United States military salaries from overall charges when training is purchased with section 23 grants, and extension of eligibility for excess defense articles to Israel and Egypt.

A provision banning the sale of antitank rounds using depleted uranium penetrator components is of particular import. These rounds are the most effective armor-piercing tank ammunition in the U.S. inventory and are considered to be as good as or better than any others on the world market. The administration decided to offer 2,135 such shells to Jordan, 1,800 shells to Bahrain, and 9,900 shells each to Egypt and Saudi Arabia. The introduction of such sophisticated antitank rounds in such numbers into the forces of four Arab nations must affect the balance in the Middle East. Because the dollar value of the sales did not meet the threshold for submission to Congress under Section 36(b) of the Arms Export Control Act, the executive branch was not required to submit the proposals for review, and did not appreciate the value of consultations in cases such as this. In order to limit availability and ensure appropriate controls, the committee bill prohibits the sale of such rounds to nations other than NATO allies and major non-NATO allies. In allowing the sales to Egypt, the committee believes that Egypt warrants special consideration both as a participant in the Camp David peace process and as a nation under direct threat from Libya.

The committee also approved a broadened earmark for the Lavi program or for other advanced weapons systems. The earmark specifies that up to $150 million shall be available for research and development in the United States and not less than $300 million shall be available for procurement in Israel for the Lavi, or for an advanced aircraft of United States design, if agreed upon by both nations, or for other advanced weapons systems if requested by Israel. The Israeli cabinet is expected to make decisions on the future of the Lavi in the near future. The Lavi is a very technologically advanced aircraft designed both for interdiction and close air support. Probable per unit production costs have been a source of contention between the Department of Defense and the Israeli defense ministry. This earmark is designed to ensure that Israel will have funds necessary to procure the kind of new-generation aircraft which will meet its security needs in the two decades beginning in 1990.

D. Economic support funds and cash transfers

The fastest growing economic aid program in the past 6 years has been the ESF Program, and the fastest growing component of ESF has been balance-of-payments assistance in the form of cash grant transfers, which now constitute 60 to 65 percent of the total. The committee has been concerned that the proliferation of such cash transfers has lessened U.S. control over its bilateral economic resources. Often cash transfers are provided with little thoughtful rationale beyond a recipient's desire for total flexibility in programming aid. Bureaucratically, cash transfers are obviously easier to implement. However, questions about the uses of such transfers, and about the opportunity costs of development projects that otherwise might have been funded with such aid, continue to concern the committee.

To ensure that when cash grant transfers are made they serve to enhance not only the economy of the recipient nation but that of the United States as well, the committee adopted an amendment offered by Senator Sarbanes which would simply apply the same requirements now governing commodity import programs to cash transfers. Modeled upon an existing agreement with Israel, the largest single recipient of bilateral U.S. aid, the Sarbanes amendment requires that all but the smallest recipients of cash grant transfers agree to use an amount equal to the transfer to purchase U.S. goods and services. In approving this amendment the committee intends to require documentation that cash grant transfers do not serve even unwittingly to add to the already huge trade deficit experienced by our country in recent years.

E. Assistance to Greece, Turkey, and Cyprus

The committee adopted a number of provisions designed to promote stability and preserve the existing military balance in the Aegean. The committee also took steps to prevent a further deterioration of the situation on Cyprus and to encourage a peaceful settlement under the auspices of the U.N. Secretary General.

With regard to the situation in the Aegean, the committee adopted three provisions in accordance with Section 620(C) of the Foreign Assistance Act, which states that U.S. military assistance "shall be designed to ensure that the present balance of military strength * * * between Turkey and Greece is preserved." First, the committee froze military assistance to Greece and Turkey at fiscal 1987 levels. Thus, the committee authorized $343 million for Greece and $490 million for Turkey. Second, the committee required that Greece and Turkey receive military assistance on comparable terms. Thus, Greece and Turkey are to receive the same proportional mix of FMS credits, section 23 grants, and MAP. Third, the committee required that the relative value of excess defense articles offered to Greece and Turkey under Section 516 of the Foreign Assistance Act be equivalent to the relative value of the total military assistance (MAP, FMS, and section 23 grants) which they each receive. This provision effectively extends the 7 to 10 ratio to the transfer of excess military equipment to Greece and Turkey.

These three provisions underscore the committee's view that the United States must help preserve the military balance in the Aegean by maintaining the 7 to 10 ratio in military assistance provided to Greece and Turkey. At the same time, the committee urges Greece and Turkey to take steps to resolve their differences in order to bring greater stability to the region.

Concerning the situation in Cyprus, the committee responded to several troubling developments and expressed its support for the United Nations' mediated efforts to resolve the problems which continue to divide the island nation.

Of foremost concern was the disturbing discovery that Turkey had used United States military assistance to upgrade its forces occupying Cyprus. The committee noted that Section 620(C) of the Foreign Assistance Act stipulates that military assistance to Turkey shall be used solely for defensive purposes, including the fulfillment of NATO responsibilities. In addition, the fiscal year 1988 congressional presentation document, which provided the committee with the administration's rationale for various military assistance programs, states that the "modernization of Turkish armored capabilities is essential if Turkey is to field adequately equipped divisions to meet its NATO obligations." While the committee supports the modernization of Turkish forces for NATO purposes, it notes that more than one-half the tanks in Turkey remained unmodernized, while the entire Turkish tank force on Cyprus has been upgraded. The committee believes that Turkey's use of United States military assistance to upgrade its forces on Cyprus is inconsistent with its NATO obligations, the clear intent of existing United States law, and the administration's stated justification for the assistance.

The committee addressed these concerns by adopting the basic provisions of legislation introduced earlier this year by Senators Pell, Biden, Pressler, Mikulski, Specter, D'Amato, and Simon which effectively prohibits Turkey from using future United States military assistance on Cyprus. This comprehensive prohibition was modified during committee consideration of this legislation by an amendment, offered by Senator Helms, which limits the ban to major categories of defense equipment such as tanks, aircraft, ships, and their associated parts.

The committee also expressed concern regarding Turkish action in New Famagusta (Varosha) area. The resettlement of this area by its original Greek-Cypriot inhabitants has always been one of the issues to be resolved as part of a solution to the Cyprus problem. Thus, in 1984 the United Nations Security Council adopted resolution 550 which "considers attempts to settle any part of Varosha by people other than its inhabitants as inadmissible." Over the past year, however, Turkey has used some of the buildings in the area to house dependents of Turkish military personnel. The committee strongly opposes any effort by Turkey to colonize the area and reaffirms its support for U.N. Resolution 550.

The committee also unanimously adopted an amendment offered by Senator Helms which declares that the proximity talks under the auspices of the Secretary General of the United States offer the most promising vehicle for a resolution of the Cyprus problem. The committee called upon the people of Greece, Turkey, and Cyprus to lend their full support to the successful conclusion of such talks.

Finally, the committee maintained the current levels of $15 million in ESF assistance to Cyprus. These funds are intended to be used for educational scholarships and refugee assistance on Cyprus, and represent an earnest U.S. commitment to the sovereignty of the Cypriot nation.

F. Assistance to Pakistan

During markup, the committee considered a number of proposals on assistance to Pakistan. After considerable debate, it approved by a vote of 11 to 8 an amendment authored by Senators Evans and Lugar. The Evans amendment consists of a 2-year waiver of the Symington amendment, policy language stressing the importance of nuclear nonproliferation to United States-Pakistan relations as well as language praising Pakistan's role as a frontline state, and a provision revoking the waiver for Pakistan if India should accept full-scope safeguards on its nuclear facilities. The Symington amendment provides, among other things, for a cutoff of most aid to countries which receive nuclear enrichment materials, equipment, or technology, and do not accept full-scope nuclear safeguards.

The Evans amendment was a substitute for a proposal in the original committee print to condition part of Pakistan's military assistance subject to a nonproliferation certification. Such an approach would, in effect, be punitive and likely not accomplish the intended result. Moreover, a punitive approach would be particularly unfortunate at a time when Soviet cross-border aerial attacks are increasing and when U.N.-sponsored Afghanistan negotiations appear to be entering a new, and possibly crucial, phase. In addition, the committee is mindful of the fact that for over 7 years Pakistan has been the generous host to more than 2.5 million Afghan refugees. It is also a frontline state facing a real threat from Soviet forces occupying neighboring Afghanistan. It deserves full U.S. support.

By shortening the proposed Symington waiver from the 6 years requested by the administration to 2 years, the committee expects there will be more thorough oversight of developments in Pakistan's nuclear program. The 2-year waiver will expire in the first year of a new administration and will almost certainly occasion a very major policy review. Further steps by Pakistan to acquire a nuclear explosive device could well-jeopardize a further renewal of the assistance program. Indeed, the Committee-approved amendment warns that "Pakistan's ongoing effort to develop a nuclear weapons capability, contrary to the freely given promises of Pakistans's leaders, could have serious adverse consequences for the United States assistance relationship with Pakistan."

The committee provision also gives an incentive for India to accept Pakistan's offer for a bilateral agreement on safeguards. Under the terms of the Evans amendment, an Indian decision to accept safeguards would trigger an end to the Symington waiver for Pakistan. Thus, assistance to Pakistan would be automatically cut off unless Pakistan also accepted safeguards on all its nuclear facilities.

Nuclear proliferation remains a serious threat to peace in South Asia, and the acquisition of nuclear weapons by India and Pakistan would do damage to the global nonproliferation regime. The problem, however, cannot be solved by increased United States pressure on Pakistan. Rather, it requires a regional approach involving both India and Pakistan.

There is now the beginning of a dialog on the nuclear issue between India and Pakistan. As Senator Dodd emphasized, "the way to deal with the proliferation issue is to support and endorse this process that is going on between two countries that have been unwilling to talk to each other." The committee believes that a punitive approach toward Pakistan could hinder, rather than advance, this process.

The committee wishes to underscore the importance it attaches to strong, effective efforts to halt the spread of nuclear weapons. The committee remains convinced that the principle underlying the Symington and Glenn amendments that the United States will not provide military assistance to nations which embark upon unsafeguarded nuclear activities and which refrain from participation in the international nonproliferation regime remains an entirely valid principle. Exceptions, such as that for Pakistan, should be made only upon compelling and demonstrated need and should receive close, continuous oversight.

G. Comprehensive prohibition on arms sales to Iran

The committee views with alarm the damage done to United States foreign policy and national security interests by the clandestine transfer of arms to Iran. In the aftermath of those transfers, it is clear that our own diplomatic efforts to gain the support of other nations in combating terrorism have been seriously damaged, prospects for an early peaceful resolution of the Iran-Iraq war have been undermined, and the specter of Iranian conquests in the Gulf region has threatened our allies and our vital national interests in that region.

The committee believes it imperative to prohibit clearly and absolutely further transfers of arms into Iranian hands. Accordingly, the committee adopted by unanimous voice vote an amendment offered by Senator Moynihan with a modification to broaden the prohibition proposed by Senator Helms to include the Iranian Mojahedin.

The clandestine sales to Iran represented a most unfortunate breakdown of the principle established in law that arms transfers are the joint responsibility of the Congress and executive branch, and that decisions made must be such as to stand the test of open scrutiny and decisionmaking. While the clock cannot be turned back on this unfortunate episode, as Senator Moynihan said, "It is an appropriate time to put this prohibition into law so that the world will know where we stand on this matter."

H. Assistance to Africa

AFRICA FAMINE RECOVERY AND DEVELOPMENT

Over the last two decades, sub-Saharan Africa has been in a state of steady economic decline. Per capita income is 4 percent below the level prevailing in 1970. In some 24 countries defined as "most severely affected," per capita cereal production has decreased by an average of 2 percent a year for the last 15 years. Population has grown at 3.1 percent annually, the highest rate of any region in the world. Public debt has increased from $5 billion in 1970 to $65 billion today.

Today, although cereal production and income have actually increased in the past 2 years, Africa ranks lowest in virtually all development indices. Almost 75 percent of the population of sub-Saharan Africa is functionally illiterate. One out of every four persons—that is, almost 100 million people—suffers from malnutrition or severe undernourishment. Life expectancy is only 47 years. Eighty percent of the population, that is, some 320 million people, have no access to basic health care services.

The committee is concerned about the situation in Africa and recognizes the urgent need for rebuilding Africa's infrastructure and addressing its development needs. Part A of title V of the committee bill, the Africa Famine Recovery and Development Act, represents a major new initiative based on legislation introduced by Senators Simon and Kassebaum and cosponsored by Senators Pell, Biden, Dodd, Kerry, and Moynihan. It is designed to improve the effectiveness of United States assistance to Africa and to increase the involvement of Africans in their own development.

Title V of the committee bill amends the Foreign Assistance Act by adding a new chapter 7, which establishes a separate authorization for aid to sub-Saharan Africa for famine recovery and long-term development. Title V authorizes project and program assistance for the purpose of helping Africans achieve a development process that is equitable, participatory, environmentally sustainable, and self-reliant. The Agency for International Development is directed to consult with, expand, and strengthen the efforts of African and American private voluntary organizations; to place greater emphasis on development activities for women who are the major producers in rural African economies; and to increase the involvement of Africans in local level projects. Among the sectors indentified as critical for long-term development are agriculture and natural resources, health, population, and education.

The committee bill authorizes $450 million in fiscal year 1988 for development assistance and $110 million in economic support funds, making a total of $560 million for sub-Saharan Africa. Thirty percent of the $450 million is earmarked for health, population, and natural resources, with a goal of 10 percent to be spent on each of these areas respectively. Funding for the Sahel Development Program is folded into the $450 million authorization for long-term development. The bill also authorizes $6.5 million in fiscal year 1988 for the African Development Foundation.

The committee believes that the effectiveness and quality of United States assistance in Africa can be improved by providing AID with greater flexibility in shaping bilateral aid programs. At the same time, however, the committee expects that AID will continue to devote substantial resources to traditional priorities such as agricultural development, health, education, and voluntary family planning which are crucial to successful development in Africa. The suspension of the traditional functional accounts for Africa is an experiment, one which is designed to promote more effective development strategies for the continent. If this experiment is to work, the committee expects that AID will use this new flexibility with care in full consultation with Congress.

SOUTHERN AFRICAN DEVELOPMENT COORDINATION CONFERENCE

The Southern African Development Coordination Conference (SADCC) was formed in 1980 to promote regional economic cooperation among the black ruled states of southern Africa and to reduce their economic dependence on South Africa. SADCC's ability to achieve these economic goals has been severely undermined by South Africa's policy of regional destabilization as well as other economic and political factors. In February of this year, the administration announced a multiyear initiative to promote economic progress in southern Africa through increased United States assistance to SADCC. The committee bill earmarks $50 million in economic support funds in fiscal year 1988 for sector projects supported by SADCC. An amendment offered by Senator McConnell to delete this earmark was defeated by a 13-to-5 vote.

The committee believes that peace and stability in southern Africa can be fostered through the economic development of the SADCC's states. The committee agrees with the high priority that the administration is placing on SADCC and firmly believes that United States assistance is an important symbol of support for the black ruled states of southern Africa. In recognition of the urgent need defined by SADCC to rehabilitate intraregional transportation links and port facilities, the committee bill directs AID to spend not less than $25 million on transportation projects.

KENYA

The committee is concerned about the recent incidents of human rights abuse in Kenya. Over the last year, the Government of Kenya has waged a vigorous campaign against its critics resulting in the arrest or detention of more than 60 people. This trend has been accompanied by centralization of power in the party and the presidency. The committee believes that these developments could undermine Kenya's political stability and the friendly relationship which the United States and Kenya have enjoyed. Therefore, the committee bill expresses the view that every available means should be used to encourage the Government of Kenya to reaffirm its commitment to democratic values and freedoms.

LIBERIA

The committee recognizes that the United States and Liberia have enjoyed long and friendly relations based on mutual interests and historic ties between the American and Liberian peoples. However, the committee views with deep concern the dramatic decline in the Liberian economy and the deterioration of the political and human rights situation in Liberia since 1980.

The Government of Liberia has failed to improve its fiscal discipline or its economic and debt management, despite efforts by the United States, the World Bank, and the IMF to encourage improvements in these areas. In addition, it has not fulfilled conditions imposed by the administration on U.S. assistance. Freedom of speech and of the press as well as political activities have been severely restricted by the government. The results of the 1985 election, which returned President Samuel Doe to power, are widely regarded as fraudulent. Numerous opposition politicians were arrested prior to the election and in the wake of an attempted coup in November 1985, human rights abuses occurred on a substantial scale. Although there has been some improvement in the human rights situation in recent months, there continues to be reports of human rights abuses by the military.

The committee is particularly alarmed by the preliminary summary of a GAO report, soon to be released, which indicates that there have been gross misuses and diversion of United States aid funds by the Government of Liberia. The GAO concluded that the Government of Liberia "has not established a fiscal and economic policy environment favorable to donor assistance, nor has it established an adequate level of accountability for development programs." Liberia, in recent years, has been the second largest recipient of United States aid in sub-Saharan Africa.

In view of these circumstances, the committee bill withholds new obligations of United States aid to Liberia until April 1, 1988, at which time assistance may be given only if the administration certifies that the Government of Liberia has fulfilled specific economic and political conditions. The committee hopes that the Government of Liberia will use this interim period to make economic and political improvements in order that assistance may be extended.

CAPE VERDE

The committee notes that the United States development assistance to Cape Verde has been cut in half, from $2 million in fiscal year 1986 to $1 million in fiscal year 1987. The committee further notes that the national economy of the Republic of Cape Verde, which has a GNP of $80 million, has been severely affected by the cessation of approximately 400 annual flights from South Africa transiting at Sal, Cape Verde. The direct annual losses sustained by Cape Verde are $6,680,000.

The committee recognizes that the United States and Cape Verde have enjoyed good relations since the early 19th century and that thousands of Cape Verdeans who have come to the United States have made invaluable contributions to this country and to Cape Verde's efforts to develop by sending money to relatives and friends at home. Therefore, the committee urges the Administrator of AID to assist Cape Verde in alleviating its present economic pressures.

I. Assistance to the Western Hemisphere

The committee's inclusion of title VI—Western Hemisphere—as a separate title is a reflection of the importance the committee attaches to the development of a rational, balanced policy toward South and Central America which more genuinely reflects our true national interests. This title is largely the product of proposals and recommendations offered by Senator Dodd.

Part A of this title, relating to Central America, includes numerous provisions which, when taken together, set forth a comprehensive alternative to the administration's present policy with respect to Central America—a policy which the Committee believes is fundamentally flawed because of its reliance on military force as the solution for resolving existing regional conflicts. Numerous provisions demonstrate clearly that the committee wishes to refocus existing policy so as to emphasize negotiated, political settlements to the conflicts in the region. A specific provision is included in order to reemphasize strong congressional support for the Central America peace initiative unveiled February 15, 1987 in San José, Costa Rica. The provision tracks S. Con. Res. 24, originally introduced by Senator Sanford and cosponsored by Senators Dodd, Evans, Kerry, Lugar, Trible, and Pell, which passed the Senate by a vote of 97 to 1.

Part A includes a statement on United States policy toward Nicaragua. It is meant to serve as a concrete message that the committee believes that it would be far more fruitful to deal pragmatically with the Government of Nicaragua in order to further United States interests. That is, the United States should support negotiations and other diplomatic efforts to promote United States security interests as well as the establishment and growth of democratic institutions in Nicaragua. To date, the administration has demonstrated no such pragmatism, despite the fact that the policy of aiding the Contras is a failed policy, and has been from the inception. In view of revelations emanating from the Iran-Contra investigation, the committee considered it essential to reenact an expiring provision of current law authored by Senator Pell prohibiting conditioning of U.S. assistance or arms sales to any country on that country's assistance to the Contras.

A further provision bars the introduction of supersonic jet fighter aircraft into the region, thereby preventing a further escalation in the militarization of the region. This provision together with the inclusion of a provision placing a ceiling on grant military assistance to the region is essential if a diplomatic and negotiated solution to the conflict in the region is to have any real chance of success.

Finally, the committee chose, in part A, to earmark ESF funds for Costa Rica, El Salvador, Guatemala, and Honduras. These earmarks are based upon an assessment of how to use most effectively scarce aid dollars in furtherance of U.S. foreign policy interests in the region, keeping in mind the specific economic circumstances, and the total value of all types of economic military assistance to be received by each of the countries.

Parts B and C of title IV address specific United States interests with respect to countries in the Caribbean and South America. The inclusion of these parts is intended not only to address specific issues, but also to highlight the committee's concern over the administration's preoccupation with the nations of Central America to the detriment of the other United States interests in the remainder of the hemisphere.

In particular, the committee wishes to express serious concern with respect to the course of political events in Chile, and believes that no useful purpose is currently served by continuing United States Government programs such as OPIC in Chile at this time. Nor is this the time for the United States to support efforts by Chile to borrow from the Multilateral Development Banks. In addition, the committee believes that this is clearly not the time for the renewal of any military relationship between the Governments of Chile and the United States. Therefore, the committee included a provision prohibiting such assistance, specifically in response to the administration's request for $50,000 in international military education and training for Chile.

J. Assistance to the Philippines

The committee was particularly desirous of ensuring a fiscal year 1988 military aid program for the Philippines which would help reenforce the Aquino government's efforts to increase the professionalism and operational capabilities of the new armed forces, improve force readiness, enhance medical support for forces in the field, and bolster the training base. There continue to be chronic deficiencies which serve to undermine efforts to create a counterinsurgency which can deal effectively with the Communist insurgency.

Accordingly, the committee shifted $38 million from ESF to MAP and earmarked a total of $88 million for fiscal year 1988. This will be nearer to the level for MAP of $110 million proposed by the administration. In addition, the committee provided for the disbursement, subject to appropriations, of about $29 million in FMS loans appropriated earlier in the form of section 23 grants.

K. Assistance for the West Bank and Gaza

The committee adopted an amendment offered by Senator Boschwitz to earmark $20 million of ESF for projects that are part of Jordan's ambitious development program for the West Bank. In adopting this provision, and in rejecting an amendment offered by Senator Helms which would have required Israeli approval of all projects prior to release of any funds, the committee reaffirms its longstanding support for a strong U.S. commitment to help improve life for the residents of the West Bank. The committee commends King Hussein's 5-year plan to upgrade manpower skills, educational opportunities, housing stock, health care facilities, and agricultural and industrial employment on the West Bank and in Gaza.

L. Population policy

For two decades the committee has supported a strong and effective family planning effort as a crucial ingredient in our bilateral development assistance program. In order to be effective, that program must offer the broad range of contraceptive methods, and must ensure that recipients of such assistance are fully informed about alternative means to plan their families. Two essential elements of our bilateral population program have been the role played by nongovernmental organizations and the United Nations Fund for Population Activities (UNFPA). Unfortunately, in recent years, the administration has pursued policies which have weakened the former and significantly curbed the activities of the latter.

In order to address these twin problems in current AID policy the committee adopted two provisions, one offered by Senator Kassebaum and the other by Senator Evans. The Kassebaum amendment provides that nongovernmental and multilateral organizations may not be subject to more restrictive requirements than those imposed on foreign governments for purposes of establishing eligibility for U.S. population assistance under Section 104(b) of the Foreign Assistance Act. In adopting this provision, the committee intends to invalidate the revised U.S. policy announced at the International Conference on Population in Mexico City in 1984. By law, Congress has prohibited the use of foreign aid moneys for abortion as a method of family planning, or even for biomedical research related to abortion. Congress has not, however, attempted to legislate how privately raised funds may be used by a nongovernmental entity. The so-called Mexico City policy announced by the administration in 1984 simply went beyond any requirement of law. This provision corrects that situation by returning AID's policy to the status quo ante.

The Evans amendment addresses the issue of coerced abortion or sterilization by revising current U.S. policy. The committee believes that U.S. support for multilateral organizations such as UNFPA is highly desirable because it attracts other donors and fosters international cooperation in an area of critical importance to international development efforts. The lack of a U.S. contribution to the UNFPA in 1986 seriously curtailed UNFPA programs in 130 countries and sent a signal to other donors that the United States was retrenching from its 20-year commitment to population assistance overseas.

When AID reviewed UNFPA in 1985 it determined that UNFPA neither funds abortions nor supports coercive family planning practices of any kind. On the contrary, UNFPA's projects, which include careful training programs, tend to foster the very voluntarism AID purports to promote. The decision to withhold U.S. funds from UNFPA is unconscionable and unjustified. The committee, in adopting this provision, intends that by clarifying congressional intent the U.S. contribution to UNFPA will be resumed in fiscal year 1988.

M. Private voluntary organizations

The committee has consistently supported the laudable work of the private voluntary organizations (PVO's) and reaffirms its strong belief that they constitute an important adjunct to our bilateral development assistance program. In recognition of its longstanding commitment to the work of the PVO's, the committee has

Asian Nations' (ASEAN) efforts to achieve a comprehensive political settlement was adopted. The provision of existing law prohibiting direct or indirect support for the Khmer Rouge remains intact.

P. Support for the Central Government in Lebanon

The committee adopted a provision offered by Senators Lugar and Boschwitz expressing the sense of Congress that United States policy toward Lebanon should be based on preserving the unity of Lebanon, recognizing the territorial integrity of Lebanon, reestablishing the authority of the Central Government of Lebanon, and supporting a democratic solution in Lebanon.

The committee continues to believe that a peaceful prosperous, and stable Lebanon can make an important contribution to stability and peace in the Middle East. Although the unsettled political situation in Lebanon has continued to hamper the United States foreign assistance program, the committee supports the programs of the central government to restore security and unity to Lebanon and to rebuild that country's national institutions. The U.S. commitment has remained unchanged in the face of such terrorist acts as the bombings of the American Embassy in April and the Marine headquarters in October 1983. One measure of U.S. concern and involvement has been its program of relief assistance to meet emergency needs for food, shelter, medicine and medical services for the injured and displaced, and rehabilitation programs of limited repairs of schools, medical centers, and shelters. This support, proposed to be continued in fiscal year 1988 at the modest level of $300,000, reflects not only humanitarian concerns but also the importance the United States attaches to the restoration of a sovereign, independent, unified Lebanon.

Q. Peace Corps

The committee considers the Peace Corps one of the most cost-effective investments the United States makes abroad. The committee has thus continued the policy it began a year ago to authorize sufficient funding for the Peace Corps to achieve, in a phased, programmatically sound manner, the congressionally mandated Peace Corps volunteer force of 10,000 over the next 6 years. The committee reiterates its commitment to providing the necessary authorizations to achieve a full 10,000-volunteer level for the Peace Corps. In addition, the committee has proposed a number of other provisions in title VII of the committee bill to improve the operations of the Peace Corps.

R. Multilateral Development Banks

The committee provided multiyear authorizations, at the request of the administration, for U.S. participation in the funding of replenishments of the International Development Association, the Asian Development Fund, and the African Development Bank. However, in keeping with the adoption of a program-level freeze, the committee limited fiscal year 1988 appropriations for these replenishments to fiscal year 1987 levels. It is the hope of the committee that any shortfalls in the U.S. contributions in fiscal year 1988 which result form this procedure can be made up in later years.

The committee believes that U.S. contributions to these replenishments are an effective way to leverage scarce U.S. aid funds, and that such contributions generate contributions from other member countries. This permits economic assistance to developing countries to continue at higher levels than would otherwise be the case through bilateral aid alone. The additional resources made available by the multilateral development banks are particularly important in light of budgetary constraints confronting the Congress in efforts to make funds available for foreign assistance programs.

SECTION-BY-SECTION ANALYSIS

TITLE I—MILITARY ASSISTANCE, SALES AND GRANTS, AND RELATED PROGRAMS

Section 101—Foreign military sales credits

Fiscal year:	*Millions*
1987 continuing resolution appropriation	$4,040.4
1988 request	4,421.2
1988 committee recommendation	4,040.4

Sections 101 (a) and (b) modify the Arms Export Control Act to provide an authorization for appropriations of $4,040,414,184 for FMS credits for fiscal year 1988.

Section 101(c) provides authority for the President to issue FMS credits in fiscal year 1988 as section 23 grants (refers to Section 23 of the Arms Export Control Act which provides basic authority for FMS credits), and specifies that Israel and Egypt shall receive such section 23 grants. Section 23 grants refers to the issuance of a credit for the same purposes of, and subject to all the authorities, terms, conditions, limitations, and prohibitions applicable to section 23 of the Arms Export Control Act, except for the requirement of repayments of principal and interest.

Section 101(d) extends for fiscal year 1988 current law's $1.8 billion earmark of FMS credits for Israel, in the form of section 23 grants. Funds are earmarked within the amount for the Lavi fighter jet project or for an advanced fighter aircraft of United States design, if agreed upon by Israel and the United States, or for other advanced weapon systems if requested by Israel. The earmark specifies that up to $150,000,000 shall be available for fiscal year 1988 for research and development in the United States and not less than $300,000,000 for fiscal year 1988 shall be available for procurement in Israel of defense articles and defense services including research and development. The earmark is designed to assure funding of the Lavi if Israel wishes to proceed with the project, or for an advanced fighter aircraft of United States design or for other advanced weapons systems which Israsel may wish to undertake.

Section 101(e) extends for fiscal year 1988 current law's $1.3 billion earmark of FMS credits for Egypt, in the form of section 23 grants.

Section 101(f) earmarks for Greece for fiscal year 1988 $343 million of FMS credits and MAP, and requires that FMS credits, section 23 grants, and MAP grants to Greece be in the same proportion as FMS credits, section 23 grants, and MAP grants to Turkey.

Section 101(g) earmarks not more than $490 million in total FMS credits, section 23 grants, and MAP grants for Turkey for fiscal year 1988.

Section 102—Sales from stocks

Section 102 amends Section 21 of the Arms Export Control Act by adding a provision authorizing the use of dependable undertaking financial procedures when entering into replacement-in-kind military sales contracts. With such undertakings, the purchaser could spread payment over the life of the contract, rather than pay, as is currently the case, the entire cost of the contract at the time the order is placed. Under this amendment, the United States would incur no additional financial risk and materials would be paid for in full before delivery to purchasers.

Section 103—Waiver authority for certain research and development charges

Section 103, offered by Senator Lugar, amends Section 21(e) of the Arms Export Control Act to authorize the President to waive certain research and development charges in sales of major defense equipment when such equipment is purchased with U.S.-provided financing.

Section 104—Terms of foreign military sales credits

Section 104 amends Section 23(c) of the Arms Export Control Act to permit the interest rates on market rate FMS loans made since October 1, 1984, to be fixed at the time of each drawdown under the loan rather than at the time the loan agreement is signed.

Section 105—Reports regarding sales program

Section 105 amends Section 25(a) of the Arms Export Control Act by striking the requirement for an annual report regarding Korean progress in modernizing its armed forces, the role of the United States in mutual security efforts in Korea, and the military balance between the two Koreas.

Section 106—Report on procurement outside the United States

Section 106, offered by Senator Lugar, amends Section 36(a) of the Arms Export Control Act to require that the quarterly reports on arms transfers, as required by section 36(a), also include a listing by country of FMS financing used for procurement outside the United States pursuant to Section 42(c) of the Arms Export Control Act which prohibits the use of FMS loans for procurement outside the United States unless the President certifies to the Congress that the national interest of the United States will be furthered by such procurement or unless specifically authorized by law.

Section 107—Quarterly reports

Section 107 amends Section 36(a) of the Arms Export Control Act to permit transmittal of information relating to the sale of major defense equipment for $1 million or more to be submitted in classified form. This amendment would not change the information Congress would receive under the reporting requirement, but it would protect, by statute, information that Congress has protected from dislosure in recent years by an informal arrangement with the executive branch.

Section 108—Congressional notification and review procedures

Section 108, offered by Senator Lugar, amends Section 36(b)(1) of the Arms Export Control Act to require that notifications to Congress of proposed arms sales include additional information on how the recipient of the military equipment or services intends to cover the cost and on which other countries have made similar purchases. Such information may be submitted in classified form.

Section 109—Registration fees for munitions control licenses

Section 109 amends Section 38(b)(1) of the Arms Export Control Act to create a Department of State account into which would be authorized to be deposited each fiscal year $100,000 of the fees charged applicants for munitions control licenses, to be available without fiscal year limitation for expenses incurred in automating the processing of such licenses, including developing, purchasing, and servicing computer equipment and related software.

Section 110—Administrative fees for certain commercial arms sales

Section 110, offered by Senator Lugar, amends Section 38(b) of the Arms Export Control Act to require each country purchasing any defense equipment or service through credit, sales, or guarantees to pay a fee of one-half of 1 percent of the price of the equipment or service to the Department of Defense to offset adminstrative expenses incurred in connection with the transaction.

Section 111—Disqualification for violation of international traffic in arms regulations

Section 111 amends Section 38 of the Arms Export Control Act by adding a provision which would make ineligible for FMS financing for 1 year any commercial contracts between a foreign government and a person found through judicial or administrative proceedings to have violated section 38 (Control of Arms Exports and Imports) or Section 39 (Fees of Military Sales Agents and Other Payments) of the Arms Export Control Act, or the International Traffic in Arms Regulations (ITAR). This amendment applies to those firms or persons convicted or debarred on or after the effective date of this section. It is also intended to apply to firms that are convicted or debarred under a different corporate name so long as there is no substantial change in ownership and management. This section will take effect upon enactment or October 1, 1987, whichever is later.

Section 112—Biennial review of the international traffic in arms regulations

Section 112, offered by Senator Cranston, amends Section 38(f) of the Arms Export Control Act to require that at least once every 2 years the President review the regulations governing control of arms exports and imports, including items on the U.S. Munitions List, to determine what changes in regulations are appropriate. On the basis of the review, the President must revise the regulations as necessary. Currently, section 38(f) requires that the review be made "periodically," only of the items on the U.S. Munitions List, and only for the purpose of determining which items no longer warrant export controls. The first report shall be made not later than 1 year after the date of enactment.

The committee hopes that this provision will help in making certain that our national security interests are protected while at the same time removing or eliminating hindrances to justifiable exports. It is important that the executive branch make a strong effort to improve and steamline the licensing process. The Secretary of State should exercise his authorities in this area, including the authority to issue and approve follow-on export licenses for spare parts, when appropriate, in order to expedite the licensing process.

Section 113—Military assistance

Fiscal year:	*Millions*
1987 continuing resolution appropriation	$900.0
1988 request	1,329.8
1988 committee recommendation	919.9

Section 113(a) authorizes the appropriation of $919,900,000 for fiscal year 1988. The administration had requested $1,329,800,000, but the committee print, in keeping with the program-level freeze, initially maintained the authorization at $900 million. That sum was later decreased by amendments moving $5,000,000 into African development, $5,000,000 into the American schools and hospitals abroad account, and $8,100,000 into the Peace Corps account; these transfers were more than offset by the shift of $38,000,000 from the Economic Support Fund to the Military Assistance Program for the Philippines.

Section 113(b) extends the earmark of $15,000,000 in MAP funds for Tunisia. The subsection creates a new earmark for the Philippines of $88,000,000, which represents a continuation of the $50,000,000 in MAP funding allocated the Philippines in fiscal 1987 to fiscal 1988 with the addition of $38,000,000 from Economic Support Funds.

(NOTE.—An additional earmark of $1 million for narcotics control is established by section 126 of this bill; section 609 establishes a $5 million earmark for Guatemala.)

Section 114—Exclusions of salaries from training prices

Section 114 amends Section 503(a)(3) of the Foreign Assistance Act to exclude the cost of U.S. military salaries from the overall cost of FMS-purchased training and services for countries which purchase the training with section 23 grants. A similar provision for MAP was adopted in 1985.

Section 115—Stockpiling of defense articles for Thailand

Section 115 amends Section 514(c) of the Foreign Assistance Act to provide authority to establish in Thailand a stockpile consisting of United States Government-titled munitions available for possible use by the armed forces of either the United States or Thailand, subject to existing limitations for other such stockpiles. On January 9, 1987, the United States and Thailand signed an agreement to establish such a stockpile.

Section 116—Excess defense articles for NATO southern flank countries and major non-NATO allies on the southern and southeastern flank of NATO

Section 116(a) amends Section 516(a) of the Foreign Assistance Act to clarify that Spain, together with other NATO allies on the southern flank, is eligible to receive excess defense articles. The eligibility is also extended to two major non-NATO allies on the southern and southeastern flank, Egypt and Israel.

Section 116(b) makes it clear that the authority extended applies specifically and only to defense articles that are in excess.

Section 116(c) requires the President to report to the Congress by February 1 of each year on the numbers and items of excess defense articles most likely to be provided to eligible countries during that year and the number and items of defense articles actually provided during the previous year. This section also requires that excess defense articles be transferred in a manner consistent with the policy established by Section 620(C) of the Foreign Assistance Act of maintaining the military balance in the Mediterranean. Accordingly, the ratio of the value of defense articles made available to Turkey to the value of defense articles amde available to Greece shall approximate the ration of military assistance provided those two countries.

Section 116(d) provides definitions for terms used in the section.

Section 117—International military education and training

Fiscal year:	*Millions*
1987 continuing resolution appropriation	$56.0
1988 request	56.0
1988 committee recommendation	56.0

Section 117 authorizes the appropriation for fiscal 1988 of $56,000,000 for international military education and training.

(Note.—an earmark of $2 million for narcotics control is established by section 127 of this bill.)

Section 118—Peacekeeping operations

Fiscal year:	*Millions*
1987 continuing resolution appropriation	$31.7
1988 request	46.3
1988 committee recommendation	31.7

Section 118 authorizes the appropriation of $31,689,000 for fiscal year 1988 for peacekeeping operations.

Section 119—Antiterrorism assistance

Fiscal year:	*Millions*
1987 continuing resolution appropriation	$9.8
1988 request	9.8
1988 committee recommendation	9.8

Section 119 authorizes the appropriation of $9,840,000 for fiscal year 1988 for antiterrorism assistance.

Section 120—Uncommitted FMS credits for the Philippines

Section 120, offered by Senator Lugar, provides that uncommitted balances of foreign military sales loans obligated for the Philippines since October 1, 1984, shall be disbursed, subject to appropriations, as section 23 grants. The amount involved, according to the executive branch, is approximately $29 million.

Section 121—Periodic reports regarding activities on Cyprus of Turkish armed forces

Section 121 amends Section 620C(c) of the Foreign Assistance Act to require that reports now submitted every 60 days on progress made toward the conclusion of a negotiated solution of the Cyprus problem shall also include the number of members of the Turkish armed forces who were on Cyprus during the preceding 60 days, and a description of any defense articles of United States origin which were on Cyprus at any time during the preceding 60 days, specifying when these articles were transferred to Cyprus and when such articles were made available to Turkey by the United States.

Section 122—Prohibition of use on Cyprus of selected defense articles provided to Turkey by the United States

Section 122 amends Section 620C of the Foreign Assistance Act to prohibit, with limited and specific exceptions, the transfer to or use on Cyprus by Turkey of selected defense articles specified in the U.S. Munitions List. The banned articles are defined as those belonging to category VI (vessels of war and special naval equipment), category VII (tanks and military vehicles), or category VIII (aircraft, spacecraft, and associated equipment) on the U.S. Munitions List. The prohibition on such transfers by Turkey is to remain in force unless the President certifies that (1) there has been an armed attack against one or more NATO countries or such an attack is imminent, and (2) the President determines that the transfer of such equipment to Cyprus by Turkey is necessary to enable Turkey to carry out its obligation to respond to that attack pursuant to Article 5 of the North Atlantic Treaty.

During consideration of this provision, it was suggested that the legislative language be broadened to extend the prohibition to similar upgrading of Greek forces with United States military equipment. The committee specifically rejected this legislative option. The committee concluded that Greece has demonstrated restraint on this matter in the past and expects such restraint to continue in the future.

Section 123—Policy on Cyprus

Section 123, offered by Senator Helms, sets forth congressional policy toward Cyprus by stating that the proximity talks under the auspices of the U.N. Secretary General offer the most promising vehicle for a lasting solution to the Cyprus problem; that it is the best interests of the United States that the people of Greece, Turkey, and Cyprus lend their full support to the successful conclusion of such talks; and that the United States should commit all possible efforts to a settlement which is enduring, fair to all parties, and most effective in realizing the goals of peace and freedom in the region.

Section 124—Foreign military sales for Jordan

Section 124 restates Section 130 of the International Security and Development Cooperation Act of 1985 regarding United States foreign military sales policy for Jordan with a modified reference to expectations for talks with Israel. Thus, the earlier call for direct negotiations is changed to "direct and meaningful negotiations." The section restates the sense of Congress that no foreign military sales financing may be used to finance Jordan's procurement of advanced aircraft, new air defense weapons systems, or other new advanced military weapons unless Jordan is publicly committed to the recognition of Israel and to prompt and direct negotiations with Israel under the basic tenets of U.N. Resolutions 242 and 338.

Section 125—Reciprocal leasing

Section 125 amends Section 61(a) of the Arms Export Control Act to extend for an additional year, through fiscal year 1988, the authority for reciprocal leasing of military articles between Israel and the United States without requirement for monetary reimbursement.

Section 126—Procurement of weapons to defend aircraft involved in narcotics control efforts.

Section 126 earmarks $1,000,000 in grant Military Assistance Program funds for fiscal 1988 to arm, for defensive purposes, aircraft used in narcotics control eradication or interdiction efforts.

Section 127—Pilot and aircraft maintenance training for narcotics control activities

Section 127 earmarks $2,000,000 of international military education and training funds for fiscal year 1988 only for the purpose of education and training in the operation and maintenance of aircraft used in narcotics control interdiction and eradicational efforts for countries in Latin America and the Caribbean.

Section 128—Report on U.S. AEW aircraft needs

Section 128(a) expresses congressional findings that the ability of allied and friendly states to meet external security threats may be augmented by the deployment or leasing of airborne early warning (AEW) aircraft and that deployment or leasing may be preferable to sales because of timeliness and the need to protect national security information.

Section 128(b) requires a report by the Secretary of Defense on the capability of the United States to deploy or lease AEW aircraft and the cost of such a capability.

This provision, sponsored by Senator Adams, will help make certain that the United States has a viable option other than outright sale in the event of a clear need for early warning aircraft on a relatively urgent basis. On some occasions, deployment of U.S. Air Force early warning aircraft, crews, and support under U.S. command and control might be appropriate. In other circumstances, a leasing arrangement, under terms applicable to the specific situation, could shift the burden of major expenses while still preserving necessary U.S. controls over operational use and the safeguarding of technology.

Section 129—Sales of antitank shells containing a depleted uranium penetrator component

Section 129, offered by Senators Pell and Helms, prohibits the sale of depleted uranium antitank rounds to countries other than NATO allies and major non-NATO allies. The latter category currently includes Australia, Egypt, Israel, Japan, and South Korea.

Section 130—Prohibition on transfer of U.S. Munitions List items to Iran

Section 130, offered by Senators Moynihan and Helms, prohibits the sale, loan, lease, or transfer of any item on the U.S. Munitions List or technology related to such items to Iran or any group, entity, or individual in Iran or under the control of the Iranian Government, the People's Mojahedin of Iran, or the National Council of Resistance based in Iraq.

Section 131—Technical amendments

Section 131 makes technical amendments to Section 505(e) of the Foreign Assistance Act of 1961 and Section 3(a) of the Arms Export Control Act by replacing the term "significant defense articles" with the term "significant military equipment." This section also amends Section 36(b) of the Arms Export Control Act by replacing the word "combat" with "military" in order to conform obsolete terms with those used in the recent revisions to the International Traffic in Arms Regulations. This section also redesignates Section 25(d) of the Arms Export Control Act as added in 1985 as subsection (e) to eliminate the redundancy of two subsections designated as (d) and section 25(a) (5) (B) to clarify the reference to the redesignated subsection (e).

TITLE II—ECONOMIC SUPPORT FUND

Section 201—Authorization of appropriations

Fiscal year:	*Millions*
1987 continuing resolution appropriation	$3,550.0
1988 request	3,587.0
1988 committee recommendation	3,498.9

Section 201 amends Section 532(a) of the Foreign Assistance Act to authorize appropriations of $3,498,900,000 for the Economic Support Fund (ESF) Program.

Section 202—Assistance for the Middle East

Section 202 contains three earmarks for the Middle East:

Section 202(a) earmarks $1.2 billion for Israel, the same amount as earmarked in current law and appropriated for fiscal year 1987, all in the form of a cash grant transfer, with a requirement that the transfer be made to Israel during the first 30 days of the fiscal year;

Section 202(b) earmarks $815 million for Egypt, the same amount as earmarked in current law and appropriated for fiscal year 1987, all in the form of grants, with a requirement that not less than $115 million be provided as a cash transfer. The committee approved an amendment by Senator Boschwitz authorizing up to an additional $115 million in the form of a cash transfer only if it is made in support of implementation of a comprehensive structural economic reform program; and

Section 202(c) establishes a new $5 million earmark for regional cooperative scientific and technological projects in the Middle East, as authorized under Section 202(c) of the International Security and Development Cooperation Act of 1985.

In addition, the committee supports $2 million funding level of the American University in Beirut (AUB). This institution has long served U.S. interests in that troubled nation and, despite terrible ordeals, continues to function and serve the Lebanese community. The committee continues to believe that even a modest level of support, as that assumed in the regional program budget, is an important symbol of American commitment to AUB as an institution committed to educational opportunity and quality for all Lebanese irrespective of their sectarian affiliation.

Section 203—Assistance for Cyprus

Section 203(a) extends existing law's earmark of $15 million of Economic Support Funds for Cyprus for fiscal year 1988. As in the past, these funds are intended to be used for educational scholarships and refugee related activities on Cyprus.

Section 203(b) states the sense of Congress that there should be compliance with United Nations Security Council Resolution 55 relating to settlement of Varosha (Famagusta).

Section 204—Assistance for Portugal

Section 204, offered by Senator Pell, extends existing law's $80 million earmark of Economic Support Funds for Portugal for fiscal year 1988.

Section 205—Assistance for Tunisia

Section 205 extends existing law's $20 million earmark of Economic Support Funds for Tunisia for fiscal year 1988. In recognition of the importance and success of the Students Training Program under the Technology Transfer Project agreement between the United States and Tunisia, the committee urges that, of the amount made available to Tunisia in Economic Support Funds, not less than one-third be used to provide financial support to the Students Training Program.

Section 206—Assistance for the Philippines

Section 206 earmarks $162 million of Economic Support Funds for the Philippines for fiscal year 1988.

Section 207—U.S. contributions to the Anglo-Irish International Fund

Section 207, offered by Senator Moynihan, restates existing law's $35 million earmark of Economic Support Funds for fiscal year 1988 for the Anglo-Irish International Fund. The objectives of the fund are first, to challenge the chronic unemployment and deprivation which create an economic and social environment in which violence and instability can flourish, and, second, to encourage contact, dialog, and reconciliation between communities in Northern Ireland. The United States made the first contribution, a grant of $50 million, to the fund in December 1986. A second U.S. contribution of $35 million was earmarked for fiscal year 1987. By fiscal year 1988, when the additional $35 million earmarked in the committee bill will become available, the fund should be in full operation. The committee eagerly awaits full operation of the fund in the hope that projects carried out under its auspices will have a significant impact on the population and the economy of Northern Ireland and the adjacent counties of the Irish Republic.

Section 208—Assistance for the West Bank and Gaza

Section 208 (a), offered by Senator Boschwitz, establishes a new earmark of $20 million of ESF assistance for Jordan for fiscal year 1988 specifically for Jordan's Development Program for the West Bank and Gaza. This initiative, approved by the Government of Jordan in a 5-year development plan for 1986–1990, is designed to provide significant resources for economic development activities on the West Bank and Gaza to create more job opportunities for Palestinians.

Section 208(b) states that this earmark for Jordan's West Bank and Gaza development activities is to be in addition to funds to be made available to any country bordering the West Bank or Gaza and is not intended to be derived from funding allocations for any country bordering the West Bank or Gaza.

Section 209—Economic support fund assistance for sub-Saharan Africa

Section 209, offered by Senator Simon, earmarks a total of $110 million of Economic Support Funds for Sub-Saharan Africa, not less than $50 million of which is to be available for projects supported by the Southern African Development Coordination Conference (SAADCC). At least one-half of the $50 million SADCC earmark is to be used for the transportation sector.

Section 210—Allocation for the "AVUKA" Association

Section 210, offered by Senators Boschwitz and Sarbanes, earmarks a modest $250,000 of Economic Support Funds for the "AVUKA" Association in order to foster coexistence between Arabs and Jews in Israel.

Section 211—Restriction on use of funds for nuclear facilities

Section 211 extends existing law's prohibition on the use of ESF funds to finance construction, operation, or maintenance of any foreign nuclear facility or the supplying of fuel for any foreign nuclear facility without a Presidential certification that the foreign country is a signatory to a specified nonproliferation treaty, cooperates with the International Atomic Energy Agency, and pursues nonproliferation policies consistent with U.S. nonproliferation policies.

Section 212—Acquisition of agricultural commodities under commodity import programs

Section 212, offered by Senator Pressler, earmarks at least 18 percent of the ESF funds used for commodity import programs for the purchase of agricultural commodities from the United States. This earmark was originally authored in 1985 by the late Senator Edward Zorinsky.

Section 213—Purchase of U.S. goods and services

Section 213, offered by Senator Sarbanes, adds a new Section 536 to the Foreign Assistance Act of 1961, requiring that foreign assistance provided as cash transfers, or an equivalent amount, be used by the recipient country to purchase U.S. goods and services. This provision places cash transfers under the same requirements that apply to commodity import programs also financed with ESF.

Section 213(a) authorizes foreign assistance in the form of cash transfers on the condition that the President determines that such assistance better meets the interest of the United States and meets the needs of the recipient country.

Section 213(b) requires that before cash transfer assistance can be provided, the recipient country must enter into an agreement with the United States by which the recipient agrees to spend the cash transferred, or an equivalent amount, to purchase U.S. goods and services as defined in subsection (f). Subsection (b) also makes clear that U.S. goods purchased pursuant to such an agreement are covered by U.S. cargo preference laws which require that 50 percent of all shipments of U.S. goods be carried on privately owned U.S.-flag commercial vessels, to the extent available at fair and reasonable rates.

Section 213(c) requires each agreement referred to in subsection (b) and subsection (d)(3) to contain a provision ensuring representatives of the Comptroller General access to the records and personnel necessary to carry out any monitoring and auditing deemed appropriate by the Comptroller General.

Section 213(d)(1) exempts any country which receives less than $10 million in cash transfer assistance in a single fiscal year from the requirements of this section during that fiscal year. The committee intends, through this language, to ensure that the smallest, and in some instances neediest, recipients of cash transfer assistance are able to use our aid for local projects, development, purchases, and balance-of-payments requirements without restriction.

Section 213(d)(2) exempts from the requirements of this section any country which, as of April 1, 1987, was receiving cash transfer assistance and had previously agreed to spend that assistance, or an equivalent amount, on the purchase of U.S. goods and services, and to carry at last 50 percent of all bulk shipments of U.S. grain in qualified U.S.-flag vessels to the extent available at fair and reasonable rates. The committee is advised that only Israel has so agreed. This exemption is only available as long as that country agrees to maintain the conditions in its current agreement.

Section 213(d)(3) encourages recipients of cash transfer assistance to enter into early agreement regarding the purchase of U.S. goods and services as required in subsection (b). The committee intends, through this provision, to further demonstrate its position that U.S. cash transfer assistance be used to purchase U.S. goods and services and to ensure the smoothest transition for recipient countries from the current method to that set out in this section.

Section 213(e) authorizes a waiver of the conditions in subsection (b) of this section by the President with respect to a country if the President determines it is important to the national interest to do so. It is the intent of the committee that the President's waiver authority be exercised only in conjunction with a detailed justification for such waiver—including the harm which would otherwise accrue to U.S. interests—to be provided the Congress.

Subsection (f) defines "U.S. goods" for purposes of this section as including all goods and commodities grown, produced, or manufactured in the United States, including agricultural commodities.

Section 214—Tied aid credits

Section 214, offered by Senator Helms, earmarks not less than $50 million, nor more than $100 million, for fiscal year 1988 of the Economic Support Fund allocated for Commodity Import Programs to be used for the tied aid credits program.

TITLE III—DEVELOPMENT ASSISTANCE

Section 301—Agriculture, rural development, and nutrition

Fiscal year:	*Millions*
1987 continuing resolution appropriation	[1] $498.2
1988 request	471.0
1988 committee recommendation	498.2

[1] Comparable amount appropriated in fiscal year 1987, excluding Africa program which is authorized under title V.

Section 301(a) amends Section 103(a)(2) of the Foreign Assistance Act to authorize $498,164,000 for agriculture, rural development, and nutrition. Agriculture continues to be by far the largest of the functional development assistance accounts in the U.S. bilateral assistance program, reflecting the high priority which the Agency for International Development and the Congress place on addressing the problems of insufficient food supplies and inadequate diets in most developing countries.

Section 301(b), offered by Chairman Pell, on behalf of Senator Matsunaga, earmarks a modest amount ($250,000) for fiscal year 1988 to support programs and activities consistent with U.S. planning for, and participation in, the International Space Year.

Section 302—Child Survival Fund

Fiscal year:	*Millions*
1987 continuing resolution appropriation	[1] $61.5
1988 request	61.0
1988 committee recommendation	61.5

[1] Comparable amount appropriated in fiscal year 1987, excluding Africa program which is authorized under title V.

Section 302(a) amends Section 104(c) of the Foreign Assistance Act to authorize appropriations of $61,500,000 for the Child Survival Fund during fiscal year 1988. Except as provided in section 104(c), Child Survival Fund assistance is authorized to be provided notwithstanding any other provision of law.

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1984 policy, however, did not apply the same requirement to foreign governments. The committee bill allows nongovernmental and multilateral organizations to remain eligible for population planning assistance so long as they segregate accounts for U.S. funds so that such funds cannot be used for abortions, and activity proscribed by the Foreign Assistance Act.

Section 303(c), offered by Senator Helms, ensures that foreign governments are not coerced into participating in population planning programs or any particular program of population planning. Specifically, the amendment provides: "In order to assure that cooperation with United States population planning assistance is voluntary and not coerced assistance under this Act, which is extended directly or indirectly to a foreign government or other entity, shall not be conditioned on acceptance by such government or entity of population planning assistance or any particular program of population planning." The adoption of this amendment in no way affects the current informed consent policy of AID.

Section 303(d), offered by Senator Evans, prohibits population planning assistance from being made available to any organization which directly participates in coercive abortion or involuntary sterilization.

Current law, the continuing resolution for fiscal year 1987, Public Law 99-591, states that no population planning assistance funds "may be made available to any organization or program which, as determined by the President of the United States, supports or participates in the management of a program of coercive abortion or involuntary sterilization." Under that language, the United States has in previous years withheld contributions to the United Nations Fund for Population Activities (UNFPA) because the Agency for International Development determined that the U.N. program, by virtue of its program in the People's Republic of China, "participates in the management of a program of coercive abortion." The limitation would apply only to any "organization which directly participates in coercive abortion or involuntary sterilization," thus opening the way to a resumption of U.S. contributions to UNFPA.

The committee finds that UNFPA's projects, which include the development of contraceptives and training of technicians in Western institutions, serve to increase the commitment of developing countries to the principles of voluntarism and to reduce the incidence of abortion. The committee also believes that UNFPA's assistance is critical to worldwide development efforts and to important U.S. national interests. Therefore, the committee expects that a contribution to UNFPA will be made in fiscal year 1988 and future years, so long as that organization does not participate directly in coerced abortion or involuntary sterilization. UNFPA assistance to countries in which such practices have been reported shall not disqualify UNFPA for U.S. support.

Section 303(e), offered by Senator Helms, includes in the annual human rights report prepared by the State Department an assessment of "coercion in population control, including coerced abortion or involuntary sterilization." With this provision the committee intends to keep informed of the human rights situation with respect to such programs through the annual human rights report.

The committee is deeply troubled by the effects to date of the acquired immune deficiency syndrome (AIDS) epidemic, and the terrible implications thereof. Of special concern has been the rapid spread of the disease in central and eastern Africa. This epidemic threatens to undermine these developing countries at this critical juncture in their growth. The Agency for International Development should work with recipients, as well as through international organizations such as the World Health Organization, to continue and expand its efforts to provide support to such countries and organizations in the worldwide effort to prevent and limit the spread of AIDS.

Section 304—Education and human resources development

Fiscal year:	*Millions*
1987 continuing resolution appropriation	[1] $123.7
1988 request	123.8
1988 committee recommendation	123.7

[1] Comparable amount appropriate in fiscal year 1987, excluding Africa program which is authorized under title V.

Section 304(a) amends Section 105(a) of the Foreign Assistance Act to authorize appropriations of $123,777,000 for programs of education and human resources development.

Section 304(b), offered by Senator Simon, requires AID to use not less than 30 percent of its education and human resources development funds for basic education activities in order to reduce illiteracy, extend basic education, and increase manpower training skills in developing countries. The earmark of this account will be effective beginning in fiscal year 1989.

Section 305—Private sector, energy, and private and voluntary organizations

Fiscal year:	*Millions*
1987 continuing resolution appropriation	[1] $133.2
1988 request	162.7
1988 committee recommendation	133.2

[1] Comparable amount appropriated in fiscal year 1987, excluding Africa program which is authorized under title V.

Section 305 amends Section 106(e)(1) of the Foreign Assistance Act to authorize appropriations of $133,227,000 for programs for private sector, energy, private voluntary organizations, and selected development activities, including programs of the science advisor.

This functional account funds a variety of activities including: (1) Expanding the role and growth of the private sector; (2) developing employment and income earning opportunities for low-income people; (3) supporting the activities of private voluntary organizations (PVO's) and cooperatives; (4) improving the capability of cities and municipalities in the developing world to provide for the urban poor; (5) promoting human rights; (6) providing assistance in the transfer, adaptation, and development of technologies appropriate for less-developed countries; and (7) providing research support and technical assistance in energy and natural resources planning and conservation.

Overall, this account serves to address cross-sectoral development problems and the mobilize additional resources from non-U.S. Government sources. Activities funded from this account also play an important role in the successful implementation of AID's principal emphases: Promoting the private sector's role in development, policy dialog, institution building, and technology transfer.

The bill incorporates the provisions of the administration bill which rewrites section 106 of existing law, placing greater emphasis on private sector development programs, but retaining all authorities contained in existing law.

Section 305(f) of the bill permits private sector assistance which is channeled through an intermediate credit institution or a nongovernmental organization to be charged against a single development assistance account rather than several, simplifying the administrative requirements of both AID and the particular organization or institution. The account charged would be the account primarily justifying the overall project for which funds are being provided. For example, if an entire project was justified on the basis that it was primarily an agricultural one, the entire project could be funded from the agriculture account. A nongovernmental organization would then no longer have to make certain that funds provided from AID's agriculture account for the project were being used solely for agricultural activities, that education funds provided for the same project were being used solely for education activities, et cetera. From the perspective of both AID and the organization through which private sector assistance is being provided, an administrative burden would be significantly lessened.

Section 305(g) of the bill extends existing law's earmark of $5 million of development assistance funds for cooperative projects among the United States, Israel, and developing countries.

Section 306—Private sector revolving fund

Section 306 amends Section 108(b) of the Foreign Assistance Act to authorize up to $12 million, drawn from the development assistance functional accounts and programs authorized under chapter 7 (established by this bill), to be deposited in the Private Sector Revolving Fund. This authority was requested by the administration. This funding is to be used to support private sector activities consistent with U.S. development assistance policies set forth in section 102 of the Foreign Assistance Act.

Section 307—Private sector assistance

Section 307 provides that private borrowers receiving loans at or near market rates of interest may be relieved of liability for the repayment of any part of the principal of or interest on such loan, notwithstanding the prohibition against such relief in Section 620(r) of the Foreign Assistance Act, if the President determines that this would be likely to maximize the return to the United States.

Section 308—Private and voluntary organizations and cooperatives

Section 308 embodies a number of provisions offered by Chairman Pell based on his bill, S. 768.

Section 308(a) adds seven new subsections, (b) through (h), to Section 123 of the Foreign Assistance Act relating to private and voluntary organizations and cooperatives. As amended, section 123(b) notes that PVO's are efficient and effective ways to provide sustainable development programs for the poor. The committee believes that PVO's provide less costly, people-to-people delivery systems for official U.S. economic assistance. Overseas PVO workers are often willing to accept low pay, live in harsh conditions in remote areas and require less costly housing and other overseas benefits.

PVO's build long-term relationships between Americans and beneficiaries of their overseas programs. Development assistance by PVO's often directly involves major U.S. constituencies which results in the transfer not only of developmental skills and knowledge, but also American values.

The section notes that AID should significantly increase the use of PVO's as "direct private channels for the delivery of assistance." The word "direct" indicates that funding should be provided to PVO's, rather than through host government public agencies. With increasingly limited bilateral U.S. foreign assistance dollars, the committee believes that there ought to be more reliance on the nonprofit, private sector for the provision of U.S. economic assistance.

As amended, section 123(c) encourages AID to support public education on development issues. Since passage of the Biden-Pell amendment to the 1980 International Security and Development Cooperation Act, AID has administered a program for disseminating the results and encouraging discussion of the issues raised by the report of the President's Commission on World Hunger. As a result, development education has become an important focus of PVO's. The committee strongly reaffirms its support for this effort.

As amended, section 123(d) encourages AID to work with private indigenous organizations, including international private organizations that have local affiliates or counterparts. Currently, indigenous private organizations and cooperatives register with AID missions to become eligible for direct U.S. governmental funding. It is the intent of the committee to encourage such direct mission funding.

In that AID missions are often unable and unwilling to manage numerous small projects, the committee encourages AID to develop appropriate mechanisms for providing development assistance fund directly to U.S. private voluntary organizations for subgrant activities of indigenous groups.

As amended, section 123(d) directs AID to undertake a more aggressive program for involving PVO's in activities funded under local currencies. Specifically, the provision directs an increase in the use of local currencies generated from Economic Support Funds, Public Law 480, or other sources for PVO programs. Similar language was approved during congressional consideration of the Caribbean Basin initiative. Food for Peace legislation (Public Law 480), including the recent 1985 Food Security Act, also contains specific authority for PVO's and cooperatives to participate in local currency programs. Despite these legislative provisions, few PVO local currency programs have been initiated.

As amended, section 123(f) provides that up to $20 million from development assistance and Economic Support Funds may be used for voluntary agencies and cooperatives "to initiate, expand and enhance food use programs associated with title II and section 416." This compares with approximately $9 million budgeted for these programs in fiscal year 1986. This assistance is designed to increase and make more effective the use of agriculture commodities at a time of commodity surpluses and a depressed American farm economy.

AID currently provides some Outreach, Enhancement and Surplus Dairy Project funds to improve the design and management of nonemergency food aid programs, enhance their development impact, provide necessary logistical support, and to promote new development projects overseas that utilize surplus dairy commodities. Hence the regulations and administrative guidelines are already in place for a rapid expansion of these programs using additional funds available from ESF and development accounts (except from other AID-administered PVO grants).

As amended, section 123(g) emphasizes the particular role that indigenous and U.S. PVO's play in resource conservation and environmentally sound rural development activities. The subsection notes that one of the most effective and least costly ways to maintain and restore the natural resource base in developing countries is through small-scale, affordable, participatory projects using methods suited to the local environment. This subsection provides that assistance may be provided to support PVO's in projects, training, and education programs which promote sustainable agricultural development practices. Emphasis should be placed on development projects which use sound land and water management practices, including agroforestry, reforestation, small-scale irrigation systems, and decentralized energy techniques, and other activities. These types of projects are particularly applicable to Africa where desertification is a major detriment to economic development.

As amended, section 123(h) provides for the creation of up to $20 million (or an equivalent amount in local currencies) for a small loan facility for grants to U.S. PVO's for lending programs by private indigenous organizations. The intent is that such grants could be provided through U.S. PVO's to indigenous organizations for creating revolving funds, credit unions, small farmer banks, and other credit mechanisms to support project activities including microenterprise development. Technical assistance funds may also be provided to support such lending operations. The intention of this section is to provide indigenous organizations with credit programs in an efficient and effective manner.

Section 308(b) of the committee bill relates to funding levels. It amends Section 123(m) of the Foreign Assistance Act, as redesignated by this bill, to extend the PVO funding floor for development accounts for an additional 4 years and raises the level from 13.5 to 15 percent. It also raises the target from 16 to 20 percent as a PVO funding goal. As under current law, funds made available from the Economic Support Fund account may be counted toward the 15-percent floor, but are not to be counted in reaching the 20-percent goal. The language also makes technical corrections for the inclusion of all 104 programs, including the Child Survival Fund, within AID's functional accounts for deriving the 15-percent floor and 20-percent target.

(NOTE.—Conforming amendments regarding the African Famine Recovery and Development Program further amend section 123(m) to include PVO activities financed from that program.)

Section 308(c) of the committee bill amends Section 123(n) of the Foreign Assistance Act, as redesignated by this bill, to codify conflicting provisions on the amount of private support required to be eligible for assistance for PVO's currently contained in authorization and appropriations language and accompanying reports. It would fix a single standard which is currently in place and being implemented by AID and PVO's.

TITLE IV—OTHER FOREIGN ASSISTANCE PROGRAMS

Section 401—American schools and hospitals abroad

Fiscal year:	*Millions*
1987 continuing resolution appropriation	$35.0
1988 request	20.0
1988 committee recommendation	45.0

Section 401 amends Section 214(c)(1) of the Foreign Assistance Act to authorize $45 million in fiscal year 1988 for the American Schools and Hospitals Abroad Program, reflecting an amendment by Senators Sanford and Moynihan to increase the authorization of $35 million in the committee print by $10 million, with an offsetting decrease of $5 million each from the MAP and ESF accounts.

The committee notes that the ASHA Program Office continues to receive requests every year far in excess of even the higher resources provided each year at congressional initiative. In fiscal year 1986, the ASHA Office received applications for grants from 59 institutions, for total requested support of $84 million. The $35 million budget available for that year made it possible to assist only 41 of these institutions, at considerably less than their requested level.

Section 402—Housing and other credit guaranty programs

Section 402(a) amends Section 222(a) of the Foreign Assistance Act to authorize the Housing Investment Guaranty Program to enter into commitments through September 30, 1989, subject to amounts provided in an appropriation act.

Section 402(b) amends Section 223(e) of the Foreign Assistance Act to increase by $60 million the present authority to borrow funds from the Treasury to meet guaranty reserve requirements.

Section 403—Agricultural and productive credit and self-help community development programs

Section 403 amends Section 222A(h) of the Foreign Assistance Act to continue the Agricultural and Productive Credit and Self-Help Community Development Program through September 30, 1989, subject to amounts provided in an appropriation act. This authority to issue guaranties to private lending institutions, cooperatives, and PVO's is designed to encourage the availability of local credit for small agricultural and community projects. It would enable those organizations to make loans on reasonable terms to groups and individuals who are unable to obtain financing from other sources. The intent is that these credit activities will eventually be self-supporting, and will be coordinated with other AID and host country projects.

Section 404—Trade Credit Insurance Program

Section 404 amends Section 224(e) of the Foreign Assistance Act to authorize up to $275 million of guaranty authority for the Trade Credit Insurance Program in fiscal year 1988. As of February 28, 1987, a cumulative total of $223.2 million in letters of credit had been confirmed under the Trade Credit Insurance Program from the central banks in each of the four Central American democracies. To date there have been no defaults under the program, that is, no claims have been made because of nonpayment. The committee notes that the Trade Credit Insurance Program is temporary, the authority for which will expire on September 30, 1989.

Section 405—Voluntary contributions to international organizations and programs

Fiscal year:	*Millions*
1987 continuing resolution appropriation	$237.3
1988 request	194.0
1988 committee recommendation	237.3

Section 405(a) amends Section 302(a)(1) of the Foreign Assistance Act to authorize $237,264,000 for voluntary contributions to international organizations and programs, the same amount as appropriated for fiscal year 1987, and specifies that not less than the following amounts be available for six specific U.N. programs:

$110 million for the United Nations Development Program (UNDP);
$55 million for the United Nations Children's Fund (UNICEF);
$26.6 million for the International Fund for Agricultural Development (IFAD);
$12 million for the United Nations Environment Program (UNEP);
$1.5 million for the United Nations Sudano-Sahelian Office (UNSO); and
$219,000 for the United Nations Development Fund for Women (UNIFEM).

Although funds for the International Atomic Energy Agency (IAEA) are not earmarked, the committee urges the administration to provide sufficient resources to allow this important international organization to continue its essential work in the international nonproliferation effort.

With respect to its earmark of $219,000 for UNIFEM the committee notes that since its establishment as an autonomous fund within UNDP in 1984, UNIFEM has been successful not only in identifying projects for support, but also in integrating the concerns of women in the ongoing projects of the specialized agencies. During 1986, for example, nearly $2 million in funds were identified in support of women's role in UNDP projects in health, agriculture, administration, and management. This modest contribution on the part of the United States will ensure that UNIFEM's important mission will continue.

In earmarking small increases for both UNDP and UNICEF the committee reaffirms its longstanding support for these two specialized United Nations organizations each of which is headed by a distinguished American. Their work is the cornerstone of international efforts to better the lives of hundreds of millions of people in the developing countries.

Section 405(b) amends Section 302(a) of the Foreign Assistance Act of 1961 to place in permanent law a condition on the U.S. contribution to the International Atomic Energy Agency of a determination by the Secretary of State that Israel is being allowed to participate in the activities of the agency. Similar language was adopted in 1985 foreign assistance legislation.

Section 405(c), offered by Senator Helms, adds a new Section 308 to the Foreign Assistance Act requiring suspension of United States participation in, and contributions to, any agency or organ of the United Nations if Israel is illegally expelled, suspended, denied its credentials, or denied its right to participate in such agency or organ of the United Nations.

Section 406—International narcotics matters

Fiscal year:	*Millions*
1987 appropriation	[1] $118.4
1988 request	98.8
1988 committee recommendation	118.4

[1] Includes supplemental appropriation of $52,955,000 in addition to $65,445,000 provided in the fiscal year 1987 continuing resolution.

Section 406 amends Section 482(a)(1) of the Foreign Assistance Act to authorize $118.4 million for international narcotics control programs, the same amount as appropriated for fiscal year 1987.

Section 407—International disaster assistance

Fiscal year:	*Millions*
1987 continuing resolution appropriation	$70.0
1988 request	25.0
1988 committee recommendation	25.0

Section 407 amends Section 492(a) of the Foreign Assistance Act to authorize $25 million in fiscal year 1988 for international disaster assistance activities, the amount requested by the administration. An amendment offered by Senator Simon reduced the international disaster assistance authorization by $45 million from the amount put forward in the freeze-level mark of Senators Pell and Helms, transferring this $45 million to development assistance for Africa. The committee notes that Section 492(b) of the Foreign Assistance Act provides sufficient authority of up to $50 million in additional funds for disaster assistance to cover most disaster situations which might arise in the next fiscal year.

Section 408—Trade and Development Program

Fiscal year:	*Millions*
1987 continuing resolution appropriation	$20.0
1988 request	20.0
1988 committee recommendation	20.0

Section 408 amends Section 661(b) of the Foreign Assistance Act to authorize $20 million in fiscal year 1988 for the Trade and Development Program and authorizes that funds appropriated for the program remain available until expended.

Section 409—Operating expenses

Fiscal year:	*Millions*
1987 continuing resolution appropriation	$340.6
1988 request	426.8
1988 committee recommendation	340.6

Section 409 amends Section 667(a)(1) of the Foreign Assistance Act to authorize $340.6 million in fiscal year 1988 for the operating expenses of the Agency for International Development, and authorizes AID to use program funds authorized under development assistance, the Africa Famine Recovery and Development Program, and the Economic Support Fund for operating expenses, except that the total amount of funds made available for operating expenses may not exceed the amount of funds made available in fiscal year 1987 for such purposes. The entire amount available for AID's operating expenses in the fiscal year 1987 continuing resolution is approximately $380 million and this represents the ceiling authorized by this bill. The committee bill also authorizes funds to cover the mandatory cost of converting to the new Federal Employee Retirement System (FERS) which was approved by Congress last year. The section also permits the use of program funds for the operating expenses of AID's Office of the Inspector General. Such funds may not exceed the lesser of 10 percent of the authorized amount for the Inspector General's Office or the amount available for the office in fiscal year 1987 plus the cost of conversion to the FERS.

Section 410—Operating expenses for the Office of the Inspector General

Fiscal year:	*Millions*
1987 continuing resolution appropriation	$21.0
1988 request	22.7
1988 committee recommendation	21.0

Section 410 adds a new Section 668 to the Foreign Assistance Act authorizing $21 million in fiscal year 1988 for operating expenses of AID's Office of the Inspector General, and such additional amounts as are needed for mandatory salary and employee benefit costs.

Section 411—Biological diversity

Section 411 amends Section 119(c) of the Foreign Assistance Act to increase the biological earmark in current law from $2.5 to $10 million in fiscal year 1988.

Section 412—Inclusion of specific agency comments in annual report on drug trafficking

Section 412, offered by Senator Helms, amends Section 481(e) of the Foreign Assistance Act relating to the annual narcotics report to require that the report include specific comments and recommendations by Federal agencies involved in drug enforcement, including the U.S. Customs Service and the Drug Enforcement Administration, with respect to the extent to which countries listed in that report have cooperated fully with those agencies during the preceding year.

Section 413—Certification procedures for drug-producing and drug-transit countries

Section 413, offered by Senator Dodd and modified by Senator Kassebaum, amends Section 481(h)(4) of the Foreign Assistance Act. Section 413(a) extends the congressional review period from 30 to 60 days, and provides that expedited procedures on resolutions of disapproval apply only after the Committee on Foreign Relations has acted on such resolutions rather than the automatic application of expedited procedures provided for in current law.

Section 413(b) changes the notification date for submission of the Presidential certification required by law on major drug-producing and transit countries from March 1 to February 15.

The committee did not approve several changes, proposed by the administration, to the Anti-Drug Abuse Act of 1986 (Public Law 99-580) because of its belief that these changes would weaken sanctions adopted by the Congress only 7 months ago. The committee believes that these sanctions underscore the seriousness of the United States in its narcotics control efforts and can serve as an important tool in securing cooperation from drug-producing and transit countries. While the committee recognizes that there are difficulties associated with the certification required by Section 481 of the Foreign Assistance Act, it believes that more experience is needed before significant modifications of that process are warranted.

Section 414—Senate caucus on international narcotics control

Section 414, offered by Senator Biden, authorizes the establishment of a Senate Caucus on International Narcotics Control, replacing the United States International Narcotics Control Commission authorized by the Foreign Relations Authorization Act, Fiscal Years 1986 and 1987, Public Law 99-93.

This section authorizes a seven-member Senate caucus with a five-member public advisory board. The caucus is authorized to subpoena witnesses and documents as it deems necessary. An authorization of $325,000 is provided for fiscal year 1988. The committee expects that funds appropriated to carry out the activities of the caucus will come from funds appropriated to the legislative branch, and not from funds appropriated for foreign assistance purposes.

Section 415—Support for personnel overseas

Section 415 amends Section 636 of the Foreign Assistance Act to raise from $3 to $5 million the limitation on the authority of AID to use its operating expense fund to construct or otherwise acquire office space and schools for its personnel overseas, and to raise from $2.5 to $5 million the limitation on the authority to provide assistance to schools for dependent children of personnel overseas.

Section 416—Assistance for Poland

Section 416, offered by Senator Sarbanes, authorizes the use of up to $1.5 million of Polish currency, generated by the sale of surplus United States dairy products to Poland, for projects in Poland undertaken under the auspices of the Charitable Commission of the

Polish Catholic Episcopate to benefit handicapped and orphaned children. Up to an additional $500,000 of such funds is authorized to provide support for the Research Center on Jewish History and Culture of the Jagiellonian University of Krakow, Poland. Specifically, the funds are to be used for the center's reconstruction, renovation, and maintenance. The committee intends that this authority allow the center to acquire appropriate research equipment, as necessary. In providing these funds, the committee recognizes that scholarly research and examination of the Polish-Jewish historical experience are critical to gaining a better understanding of the Holocaust, and to establishing a context for the current debate in Poland over responsibility for the Holocaust.

TITLE V—AFRICA

Part A—Africa Famine Recovery and Development

Section 501—Short title

Section 501 designates part A of title V of the committee bill as the "Africa Famine Recovery and Development Act."

Section 502—General authorities

Section 502 amends the Foreign Assistance Act of 1961 by adding a new chapter 7, dealing with famine recovery and development in sub-Saharan Africa as follows:

Section 471 of chapter 7 presents congressional findings. Among the principal findings are that the development crisis in Africa is a result of a combination of internal and external factors including government neglect of the agricultural sector, the stifling of private initiative, ill-conceived policies, and flawed institutions; the inappropriate nature of past United States assistance in meeting the long-term development needs of sub-Saharan Africa; the need to build upon the capabilities and experience of African, American, and other private voluntary organizations; the need to ensure that United States assistance reaches women, the main producers in Africa; the need to emphasize projects and programs attacking the longer term constraints to development; the importance of focusing on critical development issues in agriculture, natural resources, health, population planning, education, and off-farm employment; the need to build flexibility into the United States assistance program; and the need to alleviate the debt service burdenes of low-income countries in sub-Saharan Africa.

Section 472 of chapter 7 sets forth a policy of long-term development assistance for sub-Saharan Africa.

Section 472(a) authorizes the President to provide such assistance.

Section 472(b) states that the purpose of assistance under this section is to help the poor majority to participate in a process of long-term development through economic growth that is equitable, participatory, environmentally sustainable, and self-reliant. This subsection also states that assistance provided should encourage private sector development and help reduce the role of central governments.

Section 472(c) states that except where inconsistent with this section, references to chapter 1 of the Foreign Assistance Act will include this section. Similarly, assistance provided under this section is to be made available in accordance with the policies of Section 102 of the Foreign Assistance Act.

Section 472(d) directs AID to consult closely with African, United States, and other private and voluntary organizations in order to gain the perspectives of the rural and urban poor in sub-Saharan Africa, which, in turn, are to be factored into AID's country development strategies. AID is also directed to make funds available to expand and strengthen the development efforts of American, African, and other PVO's, and is urged to simplify the procedures for the development, approval, management, and evaluation of projects and programs carried out by PVO's under this section.

In order to identify relevant PVO's, the committee urges AID to consult organizations such as InterACTION (American Council for Voluntary International Action), PACT (Private Agencies Collaborating Together), the African Development Foundation, Churches Development Action in Africa, the Office of Technology Assessment, the International Fund for Agricultural Development, the International Labor Organization, the United Nations Children's Fund, and the United Nations Research Institute for Social Development.

This subsection also defines for purposes of this chapter "private and voluntary organization" to include cooperatives, trade and credit unions, women's groups, and indigenous local organizations as well as entities traditionally considered to be PVO's.

Section 472(e) requires consultation with and the involvement of local people on the design and development of local projects.

Section 472(f) directs AID to ensure that development activities under this section incorporate African women's participation to reflect, to the maximum extent practicable, their central role in the agricultural sector.

The committee recognizes the important role of African women in the economic development of their countries. While some progress has been made in increasing African Women's participation in development activities assisted by AID, the committee finds that African women are still seriously underrepresented both in the planning phases and as beneficiaries of those activities. Therefore, the committee urges and expects AID to involve African women more actively in all phases of its development activities, including the country planning process.

In recognition of the important role of women in African food systems, the committee bill directs AID to make special efforts to ensure that African women participate in agricultural development activities in numbers more representative of their central role. Women in most African countries are responsible for 60 to 90 percent of food production and are also heavily engaged in the processing and marketing of food at the local level. The committee believes that assisting African women farmers to increase their productivity is essential if the goals of recovering from the drought of 1983-85 and achieving greater food self-sufficiency are to be met.

In order to evaluate progress and identify obstacles to greater involvement of women in development activities, the committee regards it as essential that country planning documents prepared by AID reflect the steps which are being and will be taken to promote the participation and integration of women in development activities. Such documents should also include assessments of the extent to which their participation and integration has already occurred, including the steps taken to remove obstacles to their fuller involvement.

Section 472(g) directs AID to use program assistance to help overcome shorter term contraints to development and to promote economic policy reform. However, assistance provided shall continue to emphasize projects and programs designed to address constraints to long-term development. This section also stipulates that assisted policy reforms take into account the need to protect vulnerable groups and long-term environmental interests. The committee believes that national economic policy reforms such as correction of overvalued exchange rates, reduction of government budget deficits, raising of real prices of food crops, reform or privatization of inefficient parastatal enterprises, and improved public management should be supported.

Section 472(h) identifies five critical sector priorities for long-term development: Agricultural production and natural resources, health, voluntary family planning, education, and income-generating opportunities. The committee accepted a modification proposed by Senator Helms to include infertility as one of the problems to be addressed in the voluntary family planning section.

The committee recognizes the important role that indigenous institutions of higher learning can play in the building of human resources for development. Therefore, the committee urges AID to place priority on the development of African land-grant-type universities for teaching, research, and extension activities. An African agricultural university development program would provide support for strengthening and developing selected African higher education institutions in order to address the problems of food production and distribution. This support should be provided on a long-term basis in recognition of the complexity of institution-building efforts and should utilize, in a collaborative manner, the capabilities and expertise of U.S. land-grant colleges and universities. The committee urges the Administrator of AID to consult with the Board for International Food and Agricultural Development on effective means of implementing this program and keep the committee apprised of progress being made. The committee hopes that at least four African institutions would be identified for initiatives and the United States counterpart institutions identified and involved in the project design within fiscal year 1988.

The committee finds that the maintenance and restoration of the renewable natural resource base is essential to increased agricultural production and development in sub-Saharan Africa. The committee believes that appropriate activities to be assisted include agroforestry, small-scale farms and gardens, and other innovative agricultural methods; check dams and terraces and other projects to prevent erosion or protect watersheds; tree planting for windbreaks, soil stabilization, or firewood; energy conservation and small-scale energy production; conservation of rangelands; and local education and training efforts. The committee also regards

Section 474(b) directs the AID Administrator to present no later than February 1, 1988, a report to Congress on the efforts made to improve the management of United States economic assistance programs in sub-Saharan Africa. These provisions of subsections (a) and (b) were included on the recommendation of Senator Kassebaum.

Section 474(c) allows 5 percent of the funds appropriated pursuant to this chapter for fiscal year 1988 to be transferred to the operating expenses account of AID for increasing AID's organizational resources for development assistance in sub-Saharan Africa. Such transfers can be made only after consultation with the relevant authorizing committees and the appropriating committees of Congress. The prohibitions on transfers contained in section 473 are not to be construed as applying to this section.

Sections 475 (a) and (b) of chapter 7 direct the AID Administrator to develop in consultation with the relevant authorizing committees and the appropriating committees of Congress, a plan to evaluate the Agency's progress in helping the poor majority in sub-Saharan Africa through participation in a long-term development process that is equitable, participatory, environmentally sustainable, and self-reliant. The plan is to be submitted within 120 days of enactment.

Section 476 of chapter 7 provides that assistance provided for sub-Saharan Africa under other chapters of the Foreign Assistance Act of 1961 and other relevant laws such as the Export-Import Bank Act of 1945, the Peace Corps Act, and the African Development Foundation Act promote, to the maximum extent practicable, a long-term development process through economic growth that is equitable, participatory, environmentally sustainable, and self-reliant.

Section 477(a) of chapter 7 presents congressional findings on the role of international organizations and multilateral development banks in promoting development in Africa.

Section 477(b) authorizes the President to make available such amounts as he deems appropriate from the funds authorized to be appropriated by this chapter to support activities of international organizations which are consistent with the purposes of this chapter and which are undertaken in coordination with AID.

Section 477(c) encourages the President to use authorities provided by this chapter in cooperation with activities of the multilateral development banks, particularly to encourage policy reforms.

Section 478 of chapter 7 directs the Secretary of the Treasury to instruct the United States Executive Director to the IMF to urge the institution to reschedule payments due it by low-income sub-Saharan African countries.

Section 479 of chapter 7 prohibits any sub-Saharan African country from using assistance provided under section 472 to meet official debt obligations to the U.S. Government, foreign governments, or any multilateral lending institution.

Section 503—Reports to Congress

Section 503 amends Section 634(a) of the Foreign Assistance Act of 1961, dealing with the annual report to Congress on U.S. assistance activities, to require a description of the progress made in carrying out this chapter.

Section 504—Conforming amendments

Section 504 makes conforming amendments to the Foreign Assistance Act of 1961 and Public Law 480.

Section 505—African famine assistance

Sections 505 (a) and (b) amend section 495K of the Foreign Assistance Act of 1961 to provide that recovery activities assisted under that section should serve as the foundation for long-term development activities and to allow funds allocated to carry out that section to be transferred to AID's operating expenses account.

Section 506—African Development Foundation

Section 506(a) states the sense of the Congress with respect to the activities of the African Development Foundation.

Section 506(b) authorizes $6,500,000 for fiscal year 1988 for the African Development Foundation.

Section 507—United States trade restrictions on products from sub-Saharan Africa

Section 507(a) states the sense of the Congress regarding trade barriers on sub-Saharan African products.

Sections 507 (b) and (c) direct the General Accounting Office to report to the Congress no later than June 1, 1988, on the United States trade restrictions affecting the importation into the United States of products of developing countries in sub-Saharan Africa, the economic costs to the United States of removing these restrictions, and recommendations for appropriate administrative or legislative action based on this report.

Part B—Other Provisions Relating to Sub-Saharan Africa

Section 511—Southern African Development Coordination Conference

Section 511 presents congressional findings relating to U.S. assistance to the Southern African Development Coordination Conference (SADCC). A specific $50 million earmark for SADCC is contained in section 209 of the bill.

Section 512—United States policy toward Kenya

Section 512, offered as a substititue by Senator Sarbanes, presents congressional findings about the recent decline in freedom of expression in Kenya, the growing intolerance by the Government of Kenya of its critics, and the apparent centralization of power. The committee print originally mandated that the provision of security assistance for Kenya for fiscal year 1988 bear a direct relation to improvements by the Government of Kenya in the area of human rights.

Section 512(b) states that it is United States policy to use all available means to encourage the Government of Kenya to reaffirm its commitment to democratic values and freedoms.

Section 513—Assistance for Zaire

Section 513 states that any economic assistance provided to the Government of Zaire for fiscal year 1988 must be provided from chapter 7 of part I (as contained in this bill), and that such assistance be channeled, to the maximum extent practicable, through private and voluntary organizations.

Section 514—assistance for Liberia

Sections 514 (a) and (b) withhold new obligations of assistance to the Government of Liberia until April 1, 1988, and provides that such assistance shall be provided on or after that date only if the AID Administrator certifies that the Government of Liberia has met certain economic conditions and the Secretary of State also certifies that the Government of Liberia has demonstrated its commitment to progress toward political stability by meeting certain political and human rights conditions.

TITLE VI—WESTERN HEMISPHERE

This title encompasses proposals and recommendations offered by Senator Dodd, unless otherwise indicated.

Part A—Central America

Section 601—Statement of policy

Section 601 presents Congressional findings that it is in the foreign policy interest of the United States to provide substantial economic assistance to the countries of Central America.

Section 602—Earmarking ESF assistance for Central American Democracies

Section 602 earmarks a total of $400 million for fiscal year 1988 of Economic Support Funds for the Central American democracies as follows:

$100 million for Costa Rica;
160 million for El Salvador;
80 million for Guatemala; and
60 million for Honduras.

Section 603—Ceiling on military assistance for Central American democracies

Section 603 limits Military Assistance Program (MAP) funds to the four Central American democracies to not more than $150 million.

Section 604—Suspension of assistance upon military coup

Section 604 directs that all assistance for any country in Central America be suspended in any year in which an elected government is deposed by military coup or decree or by Communist insurgency.

Section 605—Sense of Congress on the Costa Rican peace initiative

Section 605 incorporates the provisions of S. Con. Res. 24, introduced by Senator Sanford, which passed the Senate by a vote of 97-1 on March 12, 1987, expressing congressional appreciation for the bold initiative taken by the Presidents of the four Central American democracies under the leadership of President Arias of Costa Rica, and strong support for the thrust of the Costa Rican Peace Initiative.

Section 606—United States policy toward Nicaragua

Section 606 sets forth the sense of the Congress providing guidance on an alternative United States policy with respect to Nicaragua, in order to promote United States national security and foreign policy interests. It states that United States policy toward Nicaragua should be guided by the requirements of the Charter of the United Nations, the Charter of the Organization of American States, and the Inter-American Treaty of Reciprocal Assistance.

It recognizes the importance of protecting United States security interests and of seeking the establishment of democratic institutions in Nicaragua. It notes that U.S. security concerns should be given immediate attention, and that the pursuit of this objective should not be conditioned on achieving success in the latter, equally important objective, which may realistically take longer to accomplish.

This section also sets forth the framework for agreements which would address United States national security concerns raised by the current situation in Nicaragua, and which would foster the establishment and growth of democratic institutions in Nicaragua.

Section 607—Prohibition on conditioning United States assistance on support for the Nicaraguan democratic resistance

Section 607, offered by Senator Pell, makes permanent and broadens an expiring provision in the International Security and Development Cooperation Act of 1985 prohibiting the conditioning of economic and military assistance by the United States to any country on that country providing assistance to the Nicaraguan Democratic Resistance.

Section 608—Prohibition on assistance for the Regional office for Central America

Section 608 prohibits the use of fiscal year 1988 Developmental Assistance or ESF funds for any program or project administered by the Regional Office for Central America and Panama (ROCAP). The administration may use funds in the pipeline to continue ongoing activities by ROCAP. In addition, nothing in this provision is intended to prohibit the funding of the various Central American regional organizations such as the Central American Bank for Economic Integration. In the judgment of the committee, ROCAP has sufficient funds in the pipeline to meet expected obligations for fiscal year 1988, and should concentrate its efforts on reviewing and improving operations in order to address criticisms made about the office.

In January, 1984, the National Bipartisan Commission on Central America recommended that the United States expand its regional economic assistance programs. In response, A.I.D. requested 1984 supplemental funds as well as 1985 and 1986 funds totaling $378 million for ROCAP.

In September 1986, the General Accounting Office issued a report highly critical of A.I.D.'s ROCAP program. (See GAO Report NSIAD-86-209, "Questions on the Central American Regional Program Need to Be Resolved.") GAO concluded that economic and political conditions were not conducive to regional assistance programs, in part because the Central American countries were focusing on domestic issues. GAO also questioned what role, if any, the United States wanted to play in encouraging economic intergration in Central America. Finally, GAO found that in fiscal year 1985, A.I.D. obligated $162 million for ROCAP programs and spent only $11 million. As of December 31, 1986, ROCAP had a development Assistance/ESF pipeline of $84,921,000.

Section 609—Military assistance for Guatemala

Section 609 earmarks $5 million in Military Assistance Program (MAP) funds for Guatamala for fiscal year 1988, an increase of $3 million above the amount made available in fiscal year 1987.

In late 1985, Guatamalans elected a new civilian government after years of brutal military rule. After the establishment of the new government, legislative restrictions on the military assistance relationship which limited the program to IMET training in previous years were modified, although restrictions on the nature of grant military assistance to nonlethal equipment and supplies continued through fiscal year 1987. The committee understands that the MAP request for fiscal year 1988 will be used to procure nonlethal supplies as well, in large measure spare parts for Guatemalan helicopters.

Section 610—Prohibition on supersonic aircraft to Central America

Section 610 prohibits the use of military sales credits or military assistance grants to fund in whole or in part the purchase or procurement of supersonic jet tactical fighter aircraft for any Central American country during fiscal year 1988. The administration has proposed the sale of 12 such aircraft to Honduras to replace aging Super Mystere aircraft. At the suggestion of Senator Evans, the language was changed to apply to "supersonic" rather than "sophisticated" aircraft.

The Committee does not dispute the point that Honduras will want to replace its present aircraft. However, the committee took particular note of the fact that administration witnesses testified that the F-5E was not initially recommended by the administration as the most suitable aircraft to replace the Super Mystere. Rather, a less sophisticated aircraft (the F-5A) was recommended but ultimately rejected by the Honduran Air Force.

The transfer of F-5E aircraft, as the administration proposes, or of another type of high-performance air-superiority fighter, goes beyond the legitimate needs of any of the Central American nations. In the case of Honduras, it seems reasonable to conclude that a capable ground attack or air defense aircraft, such as the A-4, would be appropriate and far less likely to provoke neighbors to buy sophisticated air-superiority fighters. The committee is particularly concerned that such sales to Honduras would encourage some or all of its democratic neighbors also to seek to acquire sophisticated aircraft. It is doubtful, for example, that such acquisition by

Honduras would be well received by neighboring El Salvador, given the history of border tensions and past armed conflicts between the two nations.

The committee believes it to be provocative to take a step with Honduras which would give Nicaragua an excuse to seek aircraft of similar or greater capability from the Soviets. Sales of F-5E's at this time, the committee believes, would set in motion a round of provocative aircraft purchases throughout the region. This would only serve to increase tensions, increase the risks of wider conflict, and undermine the efforts of those trying to bring peace to this troubled region.

Section 611—Policy regarding Panama

Section 611 sets forth congressional policy that the Government of Panama should take meaningful and appropriate steps to assure free, fair, and honest presidential and parliamentary elections in 1989. Recent political developments in Panama have not been reassuring in this regard. The committee intends to monitor all phases of Panama's upcoming elections very closely.

Section 612—Administration of justice

Section 612 amends Section 534 of the Foreign Assistance Act to reauthorize for 1 year, through fiscal year 1988, the Administration of Justice Program which expires at the end of the current fiscal year, and limits the authority to provide equipment (which must be nonlethal) under the program to 25 percent of the total program funds available in any fiscal year. This section also modifies existing advance congresional notification requirements, and directs that the Assistant Secretary of State for Human Rights and Humanitarian Affairs be consulted in the development and implementation of Administration of Justice Programs. Finally, this section places a $3 million ceiling on the amount of funds which may be made available to El Salvador, and, at the suggestion of Senator Kerry, earmarks not less than $3 million for Guatemala.

Section 613—Transfer authority

Section 613 authorizes the President to transfer up to $5 million of grant military assistance to be made available in fiscal year 1988 to Latin America and the Caribbean for Administration of Justice Programs.

Section 614—Waiver for police training for El Salvador and Honduras

Section 614 amends Section 660(d) of the Foreign Assistance Act, relating to prohibitions on police training, to extend for 1 year, through fiscal year 1988, the waiver from the prohibition on police training for El Salvador and Honduras.

Part B—Caribbean-Central America

Section 621—Haiti

Section 621 sets forth congrssional policy strongly supporting the Government of Haiti for its demonstrated progress toward democracy, and urging it to make every effort to control the armed forces to prevent them from committing human rights abuses and other illegal acts against the citizens of Haiti.

Section 622—Caribbean-Central American scholarship partnership

Section 622, which incorporates provisions of S. 851 introduced by Senator Bob Graham, authorizes a new program of grants to States to pay not less than 50 percent of the cost of a program of expanded postsecondary education scholarships to capable, yet economically disadvantaged students from the Caribbean and Central America. For fiscal year 1988, up to $2 million of the ESF funds allocated for the region may be available for the scholarship program.

Any State which wishes to participate in the program must submit an application which has been prepared in cooperation with institutions of higher education and the private sector in the State, through the Governor, to the Administrator of AID. Selection of qualified students is to be made by selection panels for each eligible country established by the Administrator. Provision is made to encourage students to use their education or training in their native countries by directing that each scholarship be given in the form of a loan, with all repayment to be forgiven upon the student's prompt return to his or her country of origin for at least 1 year longer than the number of years spent studying in the United States.

Part C—South America

Section 631—Paraguay

Section 631 prohibits for fiscal year 1988 any international military education and training (IMET) funds for Paraguay.

Section 632—Chile

Section 632(a) prohibits for fiscal year 1988 any international military education and training (IMET) funds for Chile in the absence of a Presidential certification as required by Section 726(b) of the International Security and Development Cooperation Act of 1981. That certification must include findings that the Government of Chile has made significant progress in complying with internationally recognized human rights, that such assistance is in the national interest of the United States, and that the Government of Chile is not involved in international terrorism and has taken appropriate steps to bring to justice those indicted in connection with the murders of Orlando Letelier and Ronni Moffitt.

Section 632(b) authorizes up to $5 million in housing guarantees, only if the guarantees are issued for programs involving low-income housing activities by private, democratic cooperatives in Chile.

Section 632(c) amends Section 726(b) of the International Security and Development Cooperation Act of 1981 to suspend OPIC programs because of a failure to implement internationally recognized workers' rights and to require that during fiscal year 1988, United States representatives to the multilateral development banks vote against any loan or other financial assistance to Chile in fiscal year 1988 in the absence of the Presidential certification required by

Section 726(b) of the International Security and Development Cooperation Act of 1981 as described above.

Part D—Miscellaneous Provisions

Section 641—Inter-American Foundation

Section 641(a) amends Section 401(s)(2) of the Foreign Assistance Act of 1969 to authorize $11.8 million for fiscal year 1988 for the Inter-American Foundation.

Section 641(b), offered by Senator Pressler, authorizes the President to make an additional $4.2 million available to the foundation for fiscal year 1988 from funds appropriated to other programs under this act, other than those programs relating to the multilateral development banks.

Section 642—Sugar quotas

Section 642 directs the Secretary of State, in consultation with the Secretary of Agriculture, to develop a program for 1988 such that any reduction in sugar quotas below those established for 1987 be borne by developed countries which are economically most able to absorb them.

Section 643—Human rights policy toward Cuba

Section 643, offered by Senator Trible, states congressional condemnation of continuing gross violations of human rights and basic freedoms by the Government of Cuba, and that government's continuing support for subversive activities against other governments. This section further states congressional commendation of the President, the State Department, and the U.S. Delegation to the United Nations for their persistent efforts to focus attention on Cuba's human rights violations and its support of subversive activities at the United Nations.

TITLE VII—PEACE CORPS PROVISIONS

This title encompasses proposals and recommendations offered by Senator Cranston, derived form S. 842, introduced by Senator Cranston on March 25, unless otherwise indicated.

Section 701—Authorization of appropriations

Fiscal year:	*Millions*
1987 continuing resolution appropriation	$130.0
1988 request	130.7
1988 committee recommendation	146.2

Section 701 amends Section 3(b) of the Peace Corps Act to authorize a Peace Corps appropriation of $146.2 million for fiscal year 1988. This level of funding would enable the Peace Corps to maintain its current level of operations and begin to implement the congressionally mandated goal of a Peace Corps volunteer strength of 10,000.

At congressional request, the Peace Corps developed a 6-year plan to reach in a phased and realistic way the 10,000-volunteer goal. According to that plan—which was submitted to Congress on March 5, 1986, and outlined in the following table—in fiscal year

1988, the Peace Corps would require an appropriation of $146.2 million, the level that the committee bill authorizes.

RESOURCES REQUIRED TO REACH A VOLUNTEER FORCE OF 10,000 BY 1992

	Fiscal year [1]						
	1986	1987	1988	1989	1990	1991	1992
Trainee input	2,615	3,171	3,714	4,233	4,572	4,890	5,317
Volunteer years	5,103	4,961	4,999	5,737	6,571	7,256	7,830
Volunteers on board end of year	6,012	6,108	6,630	7,686	8,581	9,307	10,054
Budget requirements (millions of dollars)	[2] 124.4	137.2	146.2	157.0	172.8	185.3	196.2
Staffing requirements (FTE)	1,039	1,097	1,168	1,211	1,269	1,309	12,318

[1] Projected resource requirements are in constant dollars.

[2] Excludes $5.59 million sequestered (from a total appropriation of $130 million) as a result of Gramm-Rudman-Hollings constraints.

Despite the unprecedented growth in the populations in the nations of the developing world, the numbers of Peace Corps volunteers have declined over the past two decades from more than 15,000 volunteers in 1966 to 9,000 in 1970, to just over 5,000 today. Yet the Peace Corps has over 2,400 more requests for volunteers from host countries, and nearly 500 more qualified applicants, than the agency's current budget allows it to use.

The committee views the Peace Corps as a highly successful instrument for helping the peoples of developing nations meet their needs for trained manpower and for promoting international peace and friendship. Funding at the level authorized in this section provides additional valuable opportunities for Americans to contribute toward these vital goals as Peace Corps volunteers.

Section 702—Authority to encourage contributions

Section 702 provides the Peace Corps with express authority to develop the commitment of private resources in furtherance of the purposes of the Peace Corp Act.

Under Section 10(a)(4) of the Peace Corps Act, the Peace Corps has the authority to accept donations in support of its volunteers and the purposes of the Peace Corps Act. Peace Corps funds are generally not available for the purchase of the materials that host country nationals may need to enable them to carry out the projects on which Peace Corps volunteers work. The furnishing of such materials is appropriately the responsibility of others.

Cooperative agreements with other agencies, by which funds for materials are provided, are often critically important to the success of the projects on which volunteers work. In many instances, such support has come from the private sector and donated funds from individual organizations have been used for items of expense which contribute to the Peace Corps' success. For example, the Peace Corps Partnership Program matches U.S. donors with overseas volunteer projects needing materials, which could not be supplied from the Peace Corps' appropriation, for the construction of small facilities, such as a rural school, a classroom addition, or a fishpond. Also, the Peace Corps conducts an in-kind gifts program through which private donors provide materials such as textbooks to enable students to benefit more fully from the teaching efforts of volunteers.

The committee applauds these private sector contributions in support of the Peace Corps' goals and intends, through the amendment, to encourage private donations, to foster and enhance agency efforts to mobilize further the application of private sector resources.

The committee bill requires the establishment of guidelines for the implementation of this new provision. The committee intends that the Director of the Peace Corps include in the guidelines provisions designed to ensure that the authority to encourage donations be used in a manner consistent with the purposes of the Peace Corps Act and to avoid any conflicts of interests in relationship to the agency's procurement activities or proscribed uses such at the funding of volunteer or staff allowances, salaries, or other basic benefits.

Section 703—Acquisition of vehicles

Section 703, recommended by the administration, revises the Peace Corps' existing authority (in Section 15(d)(4) of the Peace Corps Act) to acquire vehicles for use overseas, which has not been amended since the enactment of the Peace Corps Act in 1961, in order to update that authority to reflect current costs. First, the committee bill deletes the existing $2,500 limit on the cost that the Peace Corps generally may incur for the purchase of a passenger motor vehicle for use by a Peace Corps country director. In lieu of that limit, the committee bill would make applicable the provisions of Section 636(a)(5) of the Foreign Assistance Act of 1961 establishing as the limit on the cost of vehicles for the chief of an overseas special mission or staff the current market price in the United States of a mid-sized sedan or stationwagon meeting certain General Services Administration specifications (or, in the case of a vehicle with righthand drive, 120 percent of that price).

Second, the committee bill makes inapplicable to vehicles required for the transportation, maintenance, or direct support of volunteers overseas the provisions of Sections 1343 of Title 31, United States Code. Subsection (c)(1)(D) of section 1343 generally prohibits the use of appropriated funds for the purchase of a passager motor vehicle at a price exceeding "the amount specified in a law." Pursuant to that provision, Section 601 of the Treasury, Postal Service and General Government Appropriations Act, 1987 (as enacted by section 101(m) of the fiscal year 1987 continuing resolution (Public Law 99-591; 100 Stat. 3341-328); sets a $6,600 general limit on the purchase price of passenger motor vehicles. By reason of the condition of the roads and terrain over which volunteer-support vehicles must travel in many overseas areas, that limitation seems unrealistically low for the types of vehicles required for this purpose, and the committee believes that the agency should have discretion to utilize its resources for the purchase of such vehicles as it considers necessary and cost-effective.

Section 704—Sales of technical publications

Section 704, recommended by the administation, amends Section 15 of the Peace Corps Act to authorize the Peace Corps to sell at cost its technical publications and to deposit the proceeds from such sales to the agency's currently applicable (as of the date of deposit) appropriations account.

The Peace Corps produces and provides to private voluntary organizations and host-country governments and agencies a number of technical publications. These publications are often requested in large quantities, and the Peace Corps cannot afford to make multiple copies available gratis, although dissemination of the information they contain is desirable.

The committee agrees with the agency that authorizing it to sell its technical publications at cost and to reimburse its appropriation account would permit a broader dissemination of these useful documents.

Section 705—Promotion of Americans' understanding of other peoples

Section 705 adds to the Peace Corps Act a new section 18 directing the Peace Corps, through the use of its existing contractual and other authorities, to encourage, facilitate, and assist activities of returned Peace Corps volunteers, as well as other individual agencies supporting such activities, to further the third goal of the Peace Corps; namely the promotion of a better understanding of other peoples on the part of the American people.

More than 120,000 Americans have served as Peace Corps volunteers in close to 100 nations. The committee believes that these individuals represent an invaluable resource of knowledge and insight into the problems confronting people in other societies and cultures.

The first two Peace Corps goals—helping the peoples of other countries in meeting their needs for trained manpower and promoting a better understanding of Americans on the part of the peoples served—flow most naturally from sending Peace Corps volunteers to serve overseas. In contrast, achieving the third goal depends primarily on the activities of former volunteers after they have concluded their formal ties with the Peace Corps. Thus, as Senator Dodd, chairman of the subcommittee responsible for Peace Corps oversight, stressed in the March 26 subcommittee hearing, the third goal can and should be furthered by special efforts designed to help returned volunteers carry out activities that will increase the American people's understanding of the peoples they served.

The committee believes that more can and should be done on a systematic and regular basis to encourage the activities of returned Peace Corps volunteers and others working with and assisting them to share the returned volunteers' experiences and knowledge with other Americans.

The committee also recognizes the importance of the maintenance of an up-to-date directory of returned Peace Corps volunteers as part of the agency's overall efforts to further the third goal of the Peace Corps. Two nonprofit organizations, the National Council of Returned Peace Corps Volunteers and the Peace Corps Institute, are very interested in assisting in such an effort, but the agency, citing certain Privacy Act restrictions, has not yet reached agreement with those organizations on an effective, cooperative approach to develop a useful listing of names and addresses.

The committee urges the Peace Corps to devote a concerted effort toward working with such organizations to develop arrangements, pursuant to all applicable provisions of law, that would lead to the creation, maintenance, and effective utilization by such organizations and the Peace Corps of the most comprehensive possible up-to-date listing of former volunteers and staff members.

Section 706—Appointment status of certain Peace Corps employees

Section 706, offered by Senator Sarbanes, provides for the conversion, effective on the date of enactment, of the appointments of a small number of Peace Corps employees from time-limited appointments to appointments for the duration of operations under the Peace Corps Act. The few employees affected are those who now have time-limited appointments but previously held appointments "for the duration of operations under the peace Corps Act." The purpose of making these conversions is to remedy an unintended, inequitable situation that arose in the cases of these long-time Peace Corps employees due to the change of personnel authority of the Peace Corps, established as an independent volunteer agency, merged into the ACTION Agency in 1971, and reestablished as an independent agency in 1981.

The Committee notes that, if the Peace Corps had never been incorporated into and subsequently reseparated from the ACTION Agency, the affected employees would have retained time-unlimited appointments—either the Foreign Service appointments they were given under the 1965 legislation if the Peace Corps had not been merged into the ACTION Agency or career civil service appointments if it had not been reseparated. Thus, the committee bill, as a matter of fairness and equity for a very few individuals, would essentially restore the affected employees to the personnel status that they presumably would now have if the movement in and out of the ACTION Agency had never occurred.

Peace Corps Health Activities

The committee notes an increasing interest on the part of host countries for Peace Corps volunteers in the health professions. For example, the Government of Ghana is placing high priority on the recruitment of medical school instructors to teach in the Korle Bu Hospital in Accra.

In response to this interest, the committee encourages the Peace Corps to establish a health care team pilot program. The Committee envisions that these health care teams would be comprised of doctors, dentists, and nurses—drawing particularly upon retirees as team leaders and upon recent graduates as team members. The principal activity of the health care teams, which would be assigned to countries with an existing Peace Corps program, would be training of host-country nationals to deliver health care services. In addition, the teams could offer direct health care services in conjunction with host-country care providers.

The committee notes with great concern the staggering, global implications of the AIDS epidemic. To date, cases of AIDS have been officially reported in 99 countries, representing all continents. However, because of the under-reporting and under-recognition of

AIDS, the number of countries affected is probably much greater. According to estimates of the World Health Organization (WHO), between 5 and 10 million individuals are currently infected by the human immunodeficiency virus, the virus associated with AIDS. Within 5 years as many as 50 percent of these individuals may develop AIDS, and all infected individuals may eventually develop AIDS-related illnesses. By 1991, between 50 and 100 million individuals may be infected with the virus. The problem is most acute in central and eastern Africa where whole villages have been decimated by this epidemic.

The committee thus believes that the Peace Corps should give very serious consideration to the need for Peace Corps volunteers to be involved in its host-countries' programs to halt the spread of AIDS.

TITLE VIII—MULTILATERAL DEVELOPMENT BANKS

This title includes provisions of S. 739—a bill introduced by Chairman Pell at the request of the administration seeking congressional authorization to participate in a number of replenishments negotiated by the administration.

Part A—International Development Association

Section 801—U.S. contribution

Section 801 of the bill authorizes a U.S. contribution of $2,875,000,000, the full multiyear U.S. share of the eighth replenishment of the International Development Association. however, it limits the amount of funds which may be appropriated in fiscal year 1988 to $600 million, in keeping with the committee's decision to maintain funding at fiscal year 1987 levels.

Section 802—Structural adjustment lending

Section 802 amends the Bretton Woods Agreements Act to address concerns that structural adjustment lending in the World Bank and the International Development Association take into account the effect of such lending on the poor, and to the extent the effect is negative, offset such effect through other efforts by the bank, association, or host governments. It also requires that the U.S. Executive Director work to institute reporting requirements within the bank and association on the effects of structural adjustment lending.

Part B—Asian Development Fund

Section 811—U.S. contribution

Section 811 authorizes a U.S. contribution of $594,280,000 to the Asian Development Fund at the U.S. share of the multiyear replenishment. However, this section limits the amount of appropriations for fiscal year 1988 for this replenishment to $91 million, in keeping with levels appropriated in fiscal year 1987.

Bank to require a voting majority of 60 percent. Such a change would effectively give donor nations control over decisions of the bank, while still preserving its multilateral character.

Part E—Environmental Provisions and the MDB's

Section 841—Environmental staffing

Section 841 instructs the Secretary of the Treasury to work to increase the numbers of environmental professionals employed in the multilateral development banks.

Section 842—Environmental policies and procedures

Section 842 instructs the Secretary of the Treasury to work toward the adoption of procedures within the multilateral development banks to increase the level of lending for environmentally beneficial programs and policies and to provide for consulation between the banks' officials and the appropriate environmental and health ministers in the borrowing countries concerning environmentally sensitive projects. It sets forth an illustrative list of the types of projects which would be environmentally beneficial. It is the committee's intent that bank officials also consult with the indigenous peoples in borrowing countries concerning environmentally sensitive projects. It is the committee's belief that such consultations enhance overall cooperation and enhance the prospects for protecting the environment.

Section 843—Loans adversely affecting the environment

Section 843 requires the Secretary of the Treasury to review, in consultation with other relevant Federal agencies, proposed multilateral, development bank loans for adverse environmental impacts, and to instruct the U.S. Executive Director to each relevant bank to vote against those loans which have "significant, avoidable adverse impacts."

Section 844—Early warning system

Section 844 requires the Administrator of AID, in consultion with the Secretaries of State and the Treasury, to instruct AID missions and other diplomatic missions to review proposed multilateral development bank loans for potential negative environmental effects, prior to their approval by the relevant bank and to make recommendations on what modifications might mitigate negative effects. This section also requires that the Administrator provide information gathered in the course of such reviews, to the extent possible, to interested public groups.

Section 845—Other actions by the Secretary of the Treasury

Section 845 requires the Secretary of the Treasury regularly to raise the matter of the need for continued progress of bank management in improving the environmental performance of each multilateral development bank at board meetings of the relevant institutions. This section also provides for an annual report to the Congress on the details of how part E of this title (relating to environmental provisions) is being implemented.

TITLE IX—MISCELLANEOUS PROVISIONS

Section 901—Assistance to Pakistan

Section 901 encompasses an amendment authored by Senators Evans and Lugar.

Section 901(a), originally offered by Senator Pell and incorporated in the Evans amendment, sets forth congressional policy toward Pakistan: To develop a close and friendly relationship with Pakistan based on shared long-term security interests, to continue to assist Pakistan in meeting its burdens resulting from the presence of significant numbers of Afghan refugees and the Soviet threat from Afghanistan, to communicate clearly to Pakistan-United States concerns about Pakistan's ongoing nuclear program, and to seek a regional solution to the problem of nuclear proliferation in South Asia.

Section 901(b) extends for 2 additional years, through fiscal year 1989, the waiver originally approved in 1981 of Section 669 of the Foreign Assistance Act, the Symington nuclear nonproliferation amendment, but would terminate the waiver for Pakistan if India accepts appropriate, verifiable, and reliable safeguards on all of its nuclear materials. If the President certifies that India has formally accepted such safeguards, then any waiver under Section 620E(d) of the Foreign Assistance Act will be ineffective unless the President certifies that Pakistan has also accepted formally such safeguards.

Section 901(c) amends Section 620E(e) of the Foreign Assistance Act to add a requirement that the President certify that Pakistan has taken responsible steps to reduce nuclear tensions on the Asian subcontinent.

Section 901(d) requires the President to submit to the House Foreign Affairs Committee and the Senate Foreign Relations Committee a report on Pakistan's uranium enrichment levels.

Section 902—Democracy in Pakistan

Section 902, offered by Senator Sarbanes, adds a new subsection to Section 620E of the Foreign Assistance Act stating the policy of the United States to support free and fair elections in Pakistan in accordance with the 1973 Pakistan constitution and to support the observance in Pakistan of fundamental human rights, including freedom of speech, freedom of the press, the right to assemble peacefully, freedom from arbitrary arrest and imprisonment, and freedom of religion.

Section 903—Assistance for Afghanistan

Section 903 amends Section 904 of the International Security and Development Cooperation Act of 1985 to broaden the existing $15 million earmark of ESF for the Afghan people, to authorize the use of development assistance funds for this purpose as well.

Section 904—Assistance for the Cambodian people

Section 904 authorizes the provision of MAP and ESF assistance to the non-Communist resistance forces in Cambodia. Existing limitations contained in Section 906 of the International Security and Development Cooperation Act of 1985 continue to be applicable to the assistance authorized by this section. The effect of this section is to allow to expire existing law's $5 million ceiling on authorized funds for the Cambodian people.

Section 905—Prohibition on assistance to additional Communist countries

Section 905(a), offered by Senator Helms, adds Afghanistan, Laos, and Cambodia to the list of Communist countries to which assistance is prohibited.

Section 905(b), also offered by Senator Helms, specifies that when the President acts to remove a country form the 620(f) list of Communist countries because such action is important to the national interest of the United States, that removal shall be for a period not to exceed 1 year. The President may make additional determinations (each not to exceed 12 months' duration) and report to Congress if he desires to extend the period for which the country is to be removed from the 620(f) list.

Section 906—Reporting requirements

Section 906 amends Section 620(s) of the Foreign Assistant Act to delete the requirement for an annual report to Congress on the President's consideration, before furnishing assistance to any country, of a potential aid-recipient country's military budget.

Section 907—Requirement of Senate confirmation for specific positions in AID

Section 907, offered by Senators Helms and Pell, and modified by Senator McConnell, requires Senate confirmation of AID Assistant Administrators for specific positions. The committee approved this provision because the AID Administrator transferred one Assistant Administrator to another Assistant Administrator position without resubmission of the individual for Senate confirmation. The committee firmly believes that when such transfers are proposed, the individuals must be resubmitted for Senate confirmation.

Section 908—Prohibition on use of funds for publicity or propaganda

Section 908 puts into permanent law the current requirement that foreign assistance funds may not be used for lobbying. Approval of this provision shall in no way alter or constrict activities authorized under the Biden-Pell development education grant program.

The committee accepted assurances from the Agency for International Development, represented by Assistant Administrator for Program and Policy Coordination Richard Bissell, that the AID Office of Legislative Affairs has not assisted in helping to set up a new trade association composed of companies that benefit from foreign aid or otherwise generated networks or groups in order to engage in lobbying Congress on behalf of foreign aid.

Section 909—Evaluation of contract proposals by AID

Section 909, offered by Senator Lugar, adds a new Section 640D to the Foreign Assistance Act directing AID to evaluate all contracts relating to educational services at colleges or universities on the basis of the total cost and responsiveness to students' needs, and prohibits any requirement being imposed by AID that institutions of higher education must waive tuition or fees.

Section 910—Report on water resources

Section 910, offered by Senator Simon, requires the Administrator of AID to submit to Congress within 180 days of enactment a report on the problems of water resource management in the Jordan River Basin and sub-Saharan Africa, with particular attention to desalination as a potential solution.

Section 911—Sense of the Congress relating to international arms exports and develoment assistance

Section 911(a), offered by Senator Simon, sets forth congressional policy that it is in the interest of the United States to reverse the aggregate international arms flow and to increase international development assistance to developing countries.

Section 911(b) requires the Secretary of State and the AID Administrator to report to Congress, within 60 days of enactment, on the feasibility of hosting a multilateral conference to discuss the international arms trade and international economic and development assistance.

Section 912—Concentrated poppy straw method of opium production

Section 912, offered by Senator Helms, sets forth U.S. policy to encourage all countries which produce licit opium to use the concentrated poppy straw method of production, directs the Secretary of State to take appropriate steps to encourage countries which produce licit opium to use the concentrated poppy straw method, and states that the United States is to eliminate its reliance on foreign-produced licit opium not produced by the concentrated poppy straw method.

Section 913—Urging the Government of Japan to expand trade relations with Israel

Section 913, offered by Senator Trible, sets forth the policy that the United States should urge Japan to expand its trade relations with Israel and to end participation by Japanese commercial enterprises in the Arab economic boycott of Israel.

Section 914—Central government in Lebanon

Section 914, offered by Senators Lugar and Boschwitz, sets forth congressional policy that the U.S. policy toward Lebanon should be based on preserving the unity of Lebanon, withdrawal of all foreign forces from Lebanon, recognizing the territorial integrity of Lebanon, reestablishing the authority of the central government of Lebanon, and supporting a democratic solution in Lebanon.

Section 915—Support for the right of self-determination for the Cambodian people

Section 915, offered by Senator McConnell, sets forth congressional policy in support of the right of self-determination for the Cambodian people.

Section 916—Settlement of the conflict in Sri Lanka

Section 916, offered by Senator Sarbanes, sets forth the policy of the United States to work for a negotiated settlement to Sri Lanka's communal conflict, to condemn terrorism, to seek an end to human rights abuses by government security forces, and to seek full access to Sri Lanka by international human rights organizations.

Section 917—Policy toward Romania

Section 917, offered by Senator Trible, sets forth congressional policy condemning the human rights situation in Romania, and urging the President to consider Romania's progress in halting its religious and political persecution of its citizens and its repression of Hungarians and other ethnic minorities, and its commitment to providing religious freedom in developing United States policy toward Romania.

TITLE X—EFFECTIVE DATE

Section 1001—Effective date

Section 1001 establishes October 1, 1987 as the effective date of this act and amendments made by this act, unless otherwise specified.

U.S. Congress,
Congressional Budget Office,
Washington, DC, May 21, 1987.

Hon. Claiborne Pell,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, DC.

Dear Mr. Chairman: The Congressional Budget Office has prepared the attached cost estimate on International Security and Development Cooperation Act of 1987, as ordered reported by the Senate Committee on Foreign Relations on April 23, 1987.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

With best wishes,
Sincerely,

James Blum
(For Edward M. Gramlich, Acting Director).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: Unassigned.
2. Bill title: International Security and Development Cooperation Act of 1987.
3. Bill status: As ordered reported by the Senate Foreign Relations Committee on April 23, 1987.
4. Bill purpose: This legislation authorizes the appropriation of security and development assistance programs, the Peace Corps, the International Development Association, the Asian Development Fund, the African Development Bank, and otherwise amends legislation dealing with foreign aid.
5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1988	1989	1990	1991	1992
Estimated authorization amount	11,910	1,311	1,311	173	9
Callable capital subscriptions	135	135	135	135	135
Estimated direct loans	4,374	0	0	0	0
Estimated guaranteed loans	0	151	0	0	0
Secondary loan guarantees	275	0	0	0	0
Estimated outlays	5,251	2,548	2,225	1,541	890
Estimated receipts	−1	−3	−5	−6	−6
Net outlays	5,250	2,545	2,220	1,535	884

Costs of this bill fall into budget function 150 except for estimated interest receipts in budget function 900.

Basis for estimate: The estimate assumes enactment of this legislation and subsequent appropriation of the authorized amounts. For the multi-year authorizations for the multilateral development banks in Title VII, the estimate assumes appropriation in fiscal year 1988 of the amounts limited in that year with the remainder provided in equal installments over the remaining years the replenishment is scheduled to cover. Specifically, the estimate assumes the International Development Association will be provided in three years, the Asian Development Fund will be provided in four years, and the African Development Bank will be provided in five years. The estimate for the African Development Bank assumes that $45 million for paid-in capital will be appropriated over the next five years and that $675 million will be provided in appropriations acts as limitations on callable capital subscriptions.

The estimated level of direct loans is based on the credit limit for foreign military sales (FMS) credits in section 101 and estimates of loans provided under economic support fund and development assistance programs. Repayments were estimated using historical disbursement rates and repayment terms for economic support fund and development assistance programs. Section 101(c) permits FMS credits to be provided as grants. The estimate assumes all FMS credits will be provided as grants. The Office of Management and Budget estimates the subsidy of concessional FMS loans at 36.4 percent. If all FMS credits are converted to grants, the subsidy cost to the U.S. government will increase by $600 million.

Outlays were estimated using historical spend-out rates.

Title I of the bill contains numerous sections that affect the flow of funds from the foreign military sales program. The sections contain indefinite authorizations that affect Department of Defense receipts and reimbursements, and receipts in the international affairs function and net interest. The outlay effect of sections 104, 110, and 120 are shown below, the other sections are not estimable at this time.

[By fiscal year, in millions of dollars]

	1988	1989	1990	1991	1992
Budget function 050 reimbursements:					
Section 110	−7	−3	0	0	0

[By fiscal year, in millions of dollars]

	1988	1989	1990	1991	1992
Budget function 150 receipts:					
Section 120	0	0	1	3	4
Budget function 900 receipts:					
Section 104	2	7	14	17	18
Section 120	(¹)	1	1	1	1

¹ Less than $500,000.

Section 102 permits a country to purchase defense articles from stock and pay for the articles over the procurement cycle for their replacement, rather than upon delivery. This will lower receipts to the U.S. government in the short run.

Section 103 permits the President to reduce or waive nonrecurring research, development, and production costs for FMS sales financed with FMS credits. To the extent this authority is used, net Department of Defense outlays would rise by the amount of the foregone receipts.

Section 104 permits interest rates on FMS loans made since October 1, 1984, to be fixed at the interest rate of Treasury securities with comparable maturity at the time of each drawdown, rather than the time the loan agreement was signed. As of the end of March 1987, there was an undisbursed balance of loans committed in fiscal year 1985 of $564 million with a weighted average interest rate of 10.6 percent. There was $835 million of 1986 loans with a weighted average rate of 7.3 percent. Comparable Treasury securities are currently yielding 8.6 to 8.9 percent. The estimate assumes CBO baseline estimates of loan disbursements from obligated balances and that interest rates will remain at the current level through fiscal year 1988 and thereafter drop to the levels in CBO economic assumptions.

Section 110 requires that any country purchasing any defense article or service through commercial license under the Arms Export Control Act financed by FMS credits pay a fee of 0.5 percent of purchase price to cover the administrative expenses of the Department of Defense in connection with the proposed export. These reimbursements will reduce Department of Defense outlays. Historically, nearly one-third of FMS credits are used to purchase defense articles and services under commercial licenses. The estimate applies this ratio to the FMS credits authorized for fiscal year 1988 and $2 billion uncommitted balances from prior years credits.

Section 114 excludes U.S. military salaries from the cost of training services financed by FMS credits. This will reduce reimbursements to the Department of Defense and raise outlays.

Section 120 authorizes that uncommitted balances of concessional FMS credits to the Philippines be provided as grants. This section applies to the $15 million of fiscal year 1985 loans and $14.355 million of fiscal year 1986 loans. The estimate of foregone interest and principal receipts are based on the terms of the current loan commitment and estimated disbursements.

6. Estimated cost to State and local governments: None.
7. Estimate comparison: None.
8. Previous CBO estimate: None.

9. Estimate prepared by: Joseph C. Whitehill.

10. Estimate approved by: C.G. Nuckols (for James L. Blum, Assistant Director for Budget Analysis).

REGULATORY IMPACT STATEMENT

In accordance with Rule XXIX of the Standing Rules of the Senate, the committee has evaluated the regulatory impact of this bill and finds that its enactment would have no regulatory impact. This bill authorizes appropriations for security and development assistance, for the Peace Corps, for certain multilateral development banks, and for related agencies and programs. The bill modifies provisions of the Foreign Assistance Act of 1961 and the Arms Export Control Act.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of Rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

The Arms Export Control Act

* * * * * * *

Chapter 1—FOREIGN AND NATIONAL SECURITY POLICY OBJECTIVES AND RESTRAINTS

Section 1. * * *

* * * * * * *

Sec. 3. Eligibility.—(a) * * *

* * * * * * *

In considering a request for approval of any transfer of any weapon, weapons system, munitions, aircraft, military boat, military vessel, or other implement of war to another country, the President shall not give his consent under paragraph (2) to the transfer unless the United States itself would transfer the defense article under consideration to that country. In addition, the President shall not give his consent under paragraph (2) to the transfer of any [significant defense articles] *significant military equipment* on the United States Munitions List unless the foreign country requesting consent to transfer agrees to demilitarize such defense articles prior to transfer, or the proposed recipient foreign country provides a commitment in writing to the United States Government that it will not [transfer such defense articles] *transfer such military equipment*, if not demilitarized, to any other foreign country or person without first obtaining the consent of the President. The President shall promptly submit a report to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate of the implementation of each agreement entered into pursuant to clause (2) of this subsection.

* * * * * * *

Chapter 2—FOREIGN MILITARY SALES AUTHORIZATIONS

Sec. 21. Sales From Stocks.—(a)(1) * * *

* * * * * * *

(2) The President may reduce or waive the charge or charges which would otherwise be considered appropriate under paragraphs (1)(B) and (1)(C) for particular sales that would, if made, significantly advance United States Government interests in North Atlantic Treaty Organization standardization with the Armed Forces of Japan, Australia, or New Zealand in furtherance of the mutual defense treaties between the United States and those countries, or foreign procurement in the United States under coproduction arrangements.

(3)(A) The President may reduce or waive any charge which would otherwise be considered appropriate under paragraph (1)(C) for any sale of major defense equipment which is financed under section 23 or section 24.

(B) The authority contained in subparagraph (A) applies only to such extent or in such amounts as are provided in an appropriation Act.

* * * * * * *

(i)(1) * * *

* * * * * * *

(j)(1) In the case of a sale under subsection (a)(1)(B) of this section, the President may contract for the procurement of replacement major defense equipment if the eligible country or international organization provides the United States Government with a dependable undertaking as described in section 22(a) of this Act.

(2) The authority contained in paragraph (1) applies only to such extent or in such amounts as are provided in an appropriation Act.

* * * * * * *

Sec. 23. Credit Sales.

(c)(1) * * *

(2) For purposes of financing provided under this section—

(A) the "term concessional rate of interest" means any rate of interest which is less than market rates of interest; and

(B) the term "market rate of interest" means any rate of interest which is equal to or greater than the current average interest rate [(as of the last day of the month preceding the financing of the procurement under this section)] that the United States Government pays on outstanding marketable obligations of comparable maturity.

(3) Loan agreements made on market rate terms pursuant to this section since October 1, 1984, may be amended to fix the interest rates applicable to undisbursed funds as of the time each disbursement is made.

Sec. 25. Annual Estimate and Justification for Sales Program.—(a) * * *

* * * * * * *

(1) * * *

* * * * * * *

(B) for each country that is proposed to be furnished credits or guaranties under this Act in the next fiscal year and that has been approved for cash flow financing (as defined in subsection [(d)] *(e)* of this section) in excess of $100,000,000 as of October 1 of the current fiscal year—

* * * * * * *

[(9) the progress made under the program of the Republic of Korea to modernize its armed forces, the role of the United States in mutual security efforts in the Republic of Korea and the military balance between the People's Republic of Korea and the Republic of Korea;]

[10] *(9)* the amount and nature of Soviet military assistance to the armed forces of Cuba during the preceding fiscal year and the military capabilities of those armed forces;

[(11)] *(10)* the status of each loan and each contract of guaranty or insurance theretofore made under the Foreign Assistance Act of 1961, predecessor Acts, or any Act authorizing international security assistance, with respect to which there remains outstanding any unpaid obligation or potential liability; the status of each extension of credit for the procurement of defense articles or defense services, and of each contract of guaranty in connection with any such procurement, theretofore made under the Arms Export Control Act with respect to which there remains outstanding any unpaid obligation or potential liability; and

[(12)] *(11)* such other information as the President may deem necessary.

* * * * * * *

(e) For the purposes of subsection (a)(5)(B) of this section, the term "cash flow financing" means the dollar amount of the difference between the total estimated price of a Letter of Offer and Acceptance or other purchase agreement that has been approved for financing under this Act or under section 503(a)(3) of the Foreign Assistance Act of 1961 and the amount of the financing that has been approved therefor[;].

Chapter 3—MILITARY EXPORT CONTROLS

Sec. 31. Authorization and Aggregate Ceiling on Foreign Military Sales Credits.—(a) [There are authorized to be appropriated to the President to carry out this Act $5,371,000,000 for fiscal year 1986 and $5,371,000,000 for the fiscal 1987.] *There are authorized to be appropriated to the President to carry out this Act $4,040,441,284 for fiscal year 1988.*

[(b)(1) The total amount of credits extended under section 23 of this Act shall not exceed $5,371,000,000 for fiscal year 1986 and $5,371,000,000 for fiscal year 1987.]

(b)(1) The total amount of credits extended under section 23 of this Act shall not exceed $4,040,441,284 for the fiscal year 1988.

Sec. 36. Reports on Commercial and Governmental Military Exports; Congressional Action.—(a) The President shall transmit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate not more than sixty days after the end of each quarter an unclassified report [(except that any material which was transmitted in classified form under subsection (b)(1) or (c)(1) of this section may be contained in a classified addendum to such report, and any letter of offer referred to in paragraph (1) of this subsection may be listed in such addendum unless such letter of offer has been the subject of an unclassified certification pursuant to subsection (b)(1) of this section)] *(except that the material transmitted pursuant to paragraph (1) or (2) of this subsection may be contained in a classified addendum to such report)* containing—

*   *   *   *   *   *   *

(8) a description of each payment, contribution, gift commission, or fee reported to the Secretary of State under section 39, including (A) the name of the person who made such payment, contribution, gift, commission, or fee; (B) the name of any sales agent or other person to whom such payment, contribution, gift, commission, or fee was paid; (C) the date and amount of such payment, contribution, gift, commission, or fee; (D) a description of the sale in connection with which such payment, contribution, gift, commission, or fee was paid; and (E) the identification of any business information considered confidential by the person submitting it which is included in the report; [and]

(9) a listing of each sale under section 29 during the quarter for which such report is made, specifying (A) the purchaser, (B) the United States Government department or agency responsible for implementing the sale, (C) an estiamte of the dollar amount of the sale, and (D) a general description of the real property facilities to be constructed pursuant to such sale[.]; *and*

(10) a listing by country of the estimated amount of funds which will be used for procurement outside the United States as a result of any determination made during the preceding quarter pursuant to section 42(c), together with the reasons for any such determination.

(b)(1) In the case of any letter of offer to sell any defense articles or services under this Act for $50,000,000 or more, any design and construction services for $200,000,000 or more, or any major defense equipment for $14,000,000 or more, before such letter of offer is issued, the President shall submit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate a numbered certification with respect to such offer to sell containing the information specified in clauses (i) through (iv) of subsection (a), or (in the case of a sale of design and construction services) the information specified in clauses (A) through (D) of paragraph (9) of subsection (a), and a description, containing the information specified in paragraph (8) of subsection (a), of any contribution, gift, commission, or fee paid or offered or agreed to be paid in order to solicit, promote, or otherwise to secure such letter of offer. Such numbered certifications shall also contain an item, classified if necessary, identifying the sensitivity of technology contained in the defense articles, defense services, or design and construction services proposed to be sold, and a detailed justification of the reasons necessitating the sale of such articles or services in view of the sensitivity of such technology. *Such numbered certifications shall also contain a description, classified if necessary, of how the purchasing country intends to pay for the article or service and shall identify those countries, if any, that have purchased the same type of article or service.* In addition, the President shall, upon the request of such committee or the Committee on International Relations of the House of Representatives, transmit promptly to both such committees a statement setting forth, to the extent specified in such request—

* * * * * * *

(d) In the case of an approval under section 38 of this Act of a United States commercial technical assistance or manufacturing licensing agreement for or in a country not a member of the North Atlantic Treaty Organization which involves the manufacture abroad of any item of significant [combat] *military* equipment on the United States Munitions List, before such approval is given, the President shall submit a certification with respect to such proposed commercial agreement in a manner similar to the certification required under subsection (c)(1) containing comparable information, except that the last sentence of such subsection shall not apply to certifications submitted pursuant to this subsection.

* * * * * * *

Sec. 38. Control of Arms Exports and Imports.—(a)(1) * * *

* * * * * * *

(b)(1) As prescribed in regulations issued under this section, every person (other than an officer or employee of the United States Government acting in an official capacity) who engages in the business of manufacturing, exporting, or importing any defense articles or defense services designated by the President under subsection (a)(1) shall register with the United States Government agency charged with the administration of this section, and shall pay a registration fee which shall be prescribed by such regulations. *For each fiscal year, $100,000 of such registration fees shall be credited to a Department of State account to be available, without fiscal year limitation, only for the payment of expenses incurred in automating munitions control functions and processing munitions control license applications, including developing, procuring, and utilizing computer equipment and related software.* Such regulations shall prohibit the return to the United States for sale in the United States (other than for the Armed Forces of the United States and its allies or for any State for local law enforcement agency) of any military firearms or ammunition of United States manufacture furnished to foreign governments by the United States under this Act or any other foreign assistance or sales program of the United States, whether or not enhanced in value or improved in condition in a foreign country. This prohibition shall not extend to similar firearms that have been so substantially transformed as to become, in effect, articles of foreign manufacture.

[(3) * * * [Repealed—1981]]

(3) Each country purchasing under this section any defense article or defense service which is financed under section 23 or 24 shall pay, at the time of the application for a license to export such article or service, a fee amounting to one-half of one percent of the purchase price, which shall be paid to the Department of Defense to cover the administrative costs to be incurred by such Department in connection with the proposed export.

* * * * * * *

[(d) * * * [Repealed—1979]]

(d) No contract between a foreign government and a person convicted or debarred for a violation of this section or section 39 or of any rule or regulation issued under either section may be approved for financing under this Act during the twelve-month period beginning on the date of such conviction or debarment.

* * * * * * *

(f) [The President shall periodically review the items on the United States Munitions List to determine what items, if any, no longer warrant export controls under this section.] *Beginning one year after the date of enactment of this Act, and at least once every two years thereafter, the President shall review the regulations issued to carry out this section, including the items listed on the United States Munitions List, for the purpose of determining what changes in those regulations are appropriate, including determining what items, if any, no longer warrant export controls under this section. Based on each such review, the President shall revise those regulations as necessary and shall publish a revised compilation of those regulations.* The results of such reviews shall be reported to the Speaker of the House of Representatives and to the Committee on Foreign Relations and the Committee on Banking, Housing, and Urban Affairs of the Senate. Such a report shall be submitted at least 30 days before any item is removed from the Munitions List and shall describe the nature of any controls to be imposed on that item under the Export Administration Act of 1979.

* * * * * * *

Chapter 6—LEASES OF DEFENSE ARTICLES

Sec. 61. Leasing Authority.—(a) * * *

* * * * * * *

(A) * * *

(B) may be exercised only during the [fiscal year 1987 and only with respect to one country] *fiscal years 1987 and 1988 and only with respect to one country each such fiscal year,* unless the Congress hereafter provides otherwise.

* * * * * * *

The Foreign Assistance Act of 1961, as Amended

* * * * * * *

Health Service or the Centers for Disease Control for the full cost of Public Health Service employees detailed or assigned to the agency primarily responsible for administering this part for the purpose of carrying out activities authorized by this paragraph.

* * * * * * *

(d) Integration of Assistance Programs.—(1) * * *

* * * * * * *

(4) In order to assure that cooperation with United States population planning assistance is voluntary and not coerced, assistance under this Act, which is extended directly or indirectly to a foreign government or other entity, shall not be conditioned on acceptance by such government or entity of population planning assistance or any particular program of population planning.

(f) Prohibition on Use of Funds for Abortions and Involuntary Sterilizations.—(1) * * *

* * * * * * *

(4) None of the funds made available to carry out this part may be provided to any organization which directly participates in coercive abortion or involuntary sterilization.

(g) Authorizations of Appropriations.—(1) There are authorized to be appropriated to the President, in addition to funds otherwise available for such purposes—

[(A) $290,000,000 for fiscal year 1986 and $290,000,000 for fiscal year 1987 to carry out subsection (b) of this section; and

[(B) $205,000,000 for fiscal year 1986 and $205,000,000 for fiscal year 1987 to carry out subsection (c) of this section.]

(A) $215,326,000 for fiscal year 1988 to carry out subsection (b) of this section; and

(B) $139,452,000 for fiscal year 1988 to carry out subsection (c) of this section.

* * * * * * *

Sec. 102. Education and Human Resources Development.—(a) In order to reduce illiteracy, to extend basic education, and to increase manpower training in skills related to development, the President is authorized to furnish assistance on such terms and conditions as he may determine, for education, public administration, and human resource development. [There are authorized to be appropriated to the President for the purposes of this section, in addition to funds otherwise available for such purposes, $180,000,000 for fiscal year 1986 and $180,000,000 for fiscal year 1987, which are authorized to remain available until expended.] *There are authorized to be appropriated to the President for the purposes of this section, in addition to funds otherwise available for such purposes, $123,777,000 for fiscal year 1988, which are authorized to remain available until expended.*

(b)(1) * * *

(2)(A)(i) Of the amounts authorized to be appropriated to carry out this section for the [fiscal years 1987, 1988, and 1989,] *fiscal year 1987, and chapter 7 of part I for the fiscal years 1988 and 1989,* not less than $4,000,000 shall be used in each such fiscal year to finance education, training, and scholarships for the victims of apartheid, including teachers and other educational professionals, who are attending universities and colleges in South Africa. Amounts available to carry out this subparagraph shall be provided in accordance with the provisions of section 802(c) of the International Security and Development Cooperation Act of 1985.

* * * * * * *

(B)(i) In addition to amounts used for purposes of subparagraph (A), the agency primarily responsible for administering this part, in collaboration with other appropriate departments or agencies of the United States, shall use assistance provided under this section, *chapter 7 of part I,* or chapter 4 of part II of this Act to finance scholarships for students pursuing secondary school education in South Africa. The selection of scholarship recipients shall be by a nationwide panel or by regional panels appointed by the United States chief of diplomatic mission to South Africa.

(ii) Of the amounts authorized to be appropriated to carry out this section **[**and chapter 4 part II of this Act for the fiscal years 1987, 1988, and 1989,**]** *and chapter 4 of part II for the fiscal year 1987, and chapter 7 of part I and chapter 4 of part II for the fiscal years 1988 and 1989,* up to an aggregate of $1,000,000 may be used in each such fiscal year for purposes of this subparagraph.

(C)(i) * * *

(ii) Of the amounts authorized to be appropriated to carry out this section and chapter 4 of part II of this Act, up to an aggregate of $500,000 for the fiscal year 1987 and, *of the amounts authorized to be appropriated to carry out chapter 7 of part I and chapter 4 of part II,* up to an aggregate of $1,000,000 for the fiscal year 1988 may be used for purposes of this subparagraph, subject to standard procedures for project review and approval.

[(c) * * * [Repealed—1979]**]**

(c) GLOBAL BASIC EDUCATION ENHANCEMENT.—

(1) FINDINGS.—The Congress makes the following findings:

(A) Basic education, which includes primary education for children and literacy training for adults, is necessary to promote the social and economic development of people and nations, including the development of the necessary knowledge, skills, and productive capacities of the work force.

(B) Basic education increases the effectiveness of investments in other development sectors. The poorer the country, the higher the payoff for teaching its citizens to read, write, and perform basic arithmetic skills.

(C) Improvements in educational levels, particularly of women, are strongly associated with increasing agricultural productivity, improving nutritional status, declining infant and child mortality, and slowing population growth.

(D) Literacy rates in many countries which receive assistance from the agency primarily responsible for administering this part are very low.

(E) Section 105 of this Act authorizes the appropriation of funds to the President in order to reduce illiteracy, to extend basic education, and to increase manpower training in skills related to development.

(F) as a percentage of development assistance funding for education, funding for basic education enhancement has been declining in recent years.

(G) The agency primarily responsible for administering this part could have a substantial role in improving the efficiency and cost-effectiveness of educational systems in developing countries if more resources were directed toward enhancing basic education.

(2) FUNDING FOR BASIC EDUCATION IN DEVELOPING COUNTRIES.—Not less than 30 percent of funds authorized to be appropriated to carry out this section each fiscal year shall be available only for programs whose effect is to reduce illiteracy and extend basic education. The extension of basic education may include—

(A) increasing the relevance of formal education systems to the needs of the poor (especially at the primary level) through reform of curricula, teaching materials, and teaching methods and through improved teacher training; and

(B) expanding and strengthening nonformal education methods, especially those designed to improve productive skills of rural families and the urban poor and to provide them with useful information.

[**Sec. 106. Energy, Private Voluntary Organizations, and Selected Development Activities.**—(a)(1)(A) The Congress finds that energy development and production are vital elements in the development process, that energy shortages in developing countries severely limit the development process in such countries, that two-thirds of the developing countries which import oil depend on it for at least 90 percent of the energy which their economies require, and that the dramatic increase in world oil prices since 1973 has resulted in considerable economic hardship for many developing countries. The Congress is concerned that the value and purpose of much of the assistance provided to developing countries under sections 103, 104, and 105 are undermined by the inability of many developing countries to satisfy their energy requirements. Unless the energy deficit of the developing countries can be narrowed by more fully exploiting indigenous sources of energy such as oil, natural gas, and coal, scarce foreign exchange will increasingly have to be diverted to oil imports, primarily to the detriment of long-term development and economic growth.

[(B) The Congress recognize that many developing countries lack access to the financial resources and technology necessary to locate, explore, and develop indigenous energy resources.

[(C) The Congress declares that there is potential for at least a moderate increase by 1990 in the production of energy for commercial use in the developing countries which are not members of the Organization of Petroleum Exporting Countries. In addition, there is a compelling need for vigorous efforts to improve the available data on the location, scale, and commercial and exploitability of potential oil, natural gas, and coal reserves in developing countries, especially those which are not members of the Organization of Petroleum Exporting Countries. The Congress further declares that there are many benefits to be gained by the developing countries and by the United States and other developed countries through expanded efforts to expedite the location, exploration, and development of potential sources of energy in developing countries. These benefits include but are not limited to, the following:

[(i) The world's energy supply would be increased and the fear of abrupt depletion would be lessened with new energy production. This could have a positive impact upon energy prices in international markets as well as a positive effect upon the balance of payments problems of many developing countries.

[(ii) Diversification of the world's supplies of energy from fossil fuels would make all countries, developing and developed, less susceptible to supply interruptions and arbitrary production and pricing policies.

[(iii) Even a moderate increase in energy production in the developing countries would improve their ability to expand commercial trade, foreign investment, and technology transfer possibilities with the United States and other developed countries.

[(D) Assistance for the production of energy from indigenous resources, as authorized by subsection (b) of this section, would be of direct benefit to the poor in developing countries because of the overwhelming impact of imported energy costs upon the lives of the poor and their ability to participate in development.

[(2) The Congress also finds that energy production from renewable, decentralized sources conservation are vital elements in the development process. Inadequate access by the poor to energy sources as well as the prospect of depleted fossil fuel reserves and higher energy prices require an enhanced effort to expand the energy resources of developing countries through greater emphasis on renewable sources. Renewable and decentralized energy technologies have particular applicability for the poor, especially in rural areas.

[(b)(1) In order to help developing countries alleviate their energy problems by improving their ability to use indigenous energy resources to produce the energy needed by their economies, the President is authorized to furnish assistance, on such terms and conditions as he may determine, to enable such countries to prepare for and undertake development of their energy resources. Such assistance may include data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production.

[(2) The President is authorized to furnish assistance under this chapter for cooperative programs with developing countries in energy production and conservation through research on and development and use of small-scale, decentralized, renewable energy sources for rural areas carried out as integral parts of rural development efforts in accordance with section 103 of this Act. Such programs shall also be directed toward the earliest practicable development and use of energy technologies which are environmentally acceptable, require minimum capital investment, are most acceptable to and affordable by the people using them, are simple and inexpensive to use and maintain, and are transferable from one region of the world to another. Such programs may include research on and the development, demonstration, and application of suitable energy technologies (including use of wood); analysis of energy uses, needs, and resources; training and institutional development; and scientific interchange.

[(c) The agency primarily responsible for administering this part and the Department of Energy shall coordinate with one another, to the maximum extent possible, the planning and implementation of energy programs under this chapter.

[(d) The President is authorized to furnish assistance, on such terms and conditions as he may determine, for the following activities, to the extent that such activities are not authorized by sections 103, 104, and 105 of this Act:

[(1) programs of technical cooperation and development, particularly the development efforts of United States private and voluntary agencies and regional and international development organizations;

[(2) programs of research into, and evaluation of, the process of economic development in less developed countries and areas, into the factors affecting the relative success and costs of development activities, and into the means, techniques, and such other aspects of development assistance as the President may determine in order to render such assistance of increasing value and benefit;

[(3) programs of reconstruction following natural or manmade disasters and programs of disaster preparedness, including the prediction of and contingency planning for natural disasters abroad;

[(4) programs designed to help solve special development problems in the poorest countries and to make possible proper utilization of infrastructure and related projects funded with earlier United States assistance; and

[(5) programs of urban development, with particular emphasis on small, labor, intensive enterprises, marketing systems for small producers, and financial and other institutions which enable the urban poor to participate in the economic and social development of their country.

[(e)(1) There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, $207,000,000 for fiscal year 1986 and $207,000,000 for fiscal year 1987.

[(2) Amounts appropriated under this section are authorized to remain available until expended.

[(f) Of the amounts authorized to be appropriated to carry out this chapter $5,000,000 for fiscal year 1986 and $5,000,000 for fiscal year 1987 shall be used to finance cooperative projects among the United States, Israel, and developing countries.]

SEC. 106. PRIVATE SECTOR, ENERGY, AND PRIVATE AND VOLUNTARY ORGANIZATIONS.

(a)(1) The Congress finds that—

(A) a private enterprise economy is the most efficient means of achieving broad-based economic development;

(B) private enterprises that are allowed to respond to profitable opportunities in a free market produce jobs, managerial skills and economic growth; and

(C) significant equity objectives can be achieved when market forces operate to stimulate an economy.

(2) The Congress recoginzes that many developing countries have not relied on open, competitive markets to determine resource allocations in many sectors of their economies. Instead, governments have often attempted to direct essential activity in agricultural and industrial production and trade by centralized governmental determinations. Government regulations have also created severe economic distortions, for example:

(A) Limitations on the buying and selling of foreign exchange have often distorted foreign exchange rates in ways which amount to a tax on exports and a subsidy on imports.

(B) Banking restrictions, particularly interest rate regulations, frequently operate to inhibit savings and the expansion of capital resources.

(C) Price-fixing and government subsidy programs often perpetuate inefficient production, frequently at the expense of the agricultural sector.

(D) Tax policy and administration often do not serve to foster development or to encourage saving and investment.

(3) Assistance may be provided under this section to foster the movement of developing countries towards a free market society and the establishment of viable, competitive markets and the expansion of private enterprise, including cooperatives, in such countries. Such assistance should include support for a country's efforts to reform policies, procedures, regulations, and laws affecting the role of the private sector in the economy, and assistance to specific projects to stimulate the growth of the indigenous private sector and development in both rural and urban areas.

(b) The Congress recognizes that private and voluntary organizations and cooperatives bring unqiue skills to bear on the development process. By virtue of their links with private institutions in developing countries, such organizations and cooperatives often serve effectively to engage rural and urban poor in their country's development. Moreover, by virtue of their support within the United States, such organizations and cooperatives are a means for mobilizing among the general public not only a broader awareness of the pressing needs of developing countries, but also for generating private resources for international development. These organizations are often able to reach and benefit sectors of the population not normally served by other private sector institutions or direct government programs. In order to foster the activities of private and voluntary organizations and cooperatives (as well as regional and international development organizations), assistance may be provided for programs of technical cooperation and development in conjunction with those organizations.

(c)(1) The Congress recognizes that energy development and production are vital elements in the development process and that energy shortages in developing countries greatly limit the development process in such countries. The energy constraints faced by most developing countries are severe. These countries, especially the poor-

est, have inadequate energy supplies for economic growth and for minimal domestic requirements, and must continually face the problem of ummanageable demands on foreign exchange in order to import oil and the problem of environmental degradation from an overexploited traditional fuel resource base.

(2) In order to help developing countries alleviate their energy problems, including the improvement of their ability to use indigenous energy resources to produce the energy needed by their economies, assistance may be provided to enable such countries to prepare for, and undertake development of, their energy resources and to enable such countries to develop energy generation capabilities reliant upon resources that are secure over the long-term and available in sufficient quantity to maintain stablek pricing. Such assistance may include efforts to—

(A) help countries analyze critical national energy issues with an emphasis, where appropriate, on the importance of market pricing policies and the hidden costs attached to subsidies which skew investment and consumption decisions;

(B) identify and encourage the implementation of trade and investment policies that simulate the private sector and the operation of market forces to allocate resources;

(C) promote policies and programs that provide for essential energy (including biomass fuels) requirements especially for food production, processing, and distribution;

(D) support projects to develop, demonstrate, and disseminate renewable energy technologies suited to the local environment;

(E) support efforts to undertake primary data collection and analysis;

(F) assist host government conservation programs to improve energy efficiency;

(G) support efforts to train personnel and establish long-term institutional relationships between developing country institutions and United States universities and centers for research in the public and private sectors; and

(H) support programs that assist developing countries in research, particularly fuelwood research.

(d) The Congress recognizes that assistance to developing countries will sometimes be required in order to address special development problems and research needs. Such assistance may include—

(1) programs of research into, and evaluation of, the process of economic development in developing countries and areas, the factors affecting the relative success and costs of development activities, and the means, techniques, and such other aspects of development assistance in order to render such assistance of increasing value and benefit;

(2) programs of reconstruction following natural or manmade disasters and programs of disaster preparedness, including the prediction of, and contingency planning for, natural disasters abroad;

(3) other programs designed to help solve special development problems, including efforts to make possible proper utilization of infrastructure and related projects funded with earlier United States assistance; and

(4) programs of urban development.

(e) The President is authorized to furnish assistance, on such terms and conditions as he may determine, for activities to carry out the purposes of this section. There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, $133,227,000 for the fiscal year 1988. Amounts appropriated under this section are authorized to remain available until expended.

(f) The full amount of assistance provided for private sector activities through an intermediate credit institution or nongovernmental organization pursuant to the provisions of this chapter may be considered to have been authorized by any provision of this chapter which serves as the primary justification for furnishing such assistance. Such assistance shall be charged to the account established under such provision.

(g) Of the amounts authorized to be appropriated to carry out this chapter, $5,000,000 for fiscal year 1988 shall be used to finance cooperative projects among the United States, Israel, and developing countries.

* * * * * * *

Sec. 108. Private Sector Revolving Fund.—(a) * * *

(b) [Of the funds made available under this chapter in each of the fiscal years 1986 and 1987 up to $18,000,000 may be deposited in this account.] *Of the funds made available under this chapter and chapter 7 of this part in fiscal year 1988, up to $12,000,000 may be deposited in this account.* Such funds used in accordance with the policies and authorities of this section shall be in addition to other funds available for private sector activities under other authorities in this Act. Any reflows and income arising from activities carried out pursuant to this section, including loan repayments and fee income (as provided in subsection (e) of this section), shall be deposited into the revolving fund and remain available to carry out the purposes of this section. All funds in such account may be invested in obligations of the United States.

* * * * * * *

Sec. 113. Integrating Women Into National Economies.—(a) * * *

(b)(1) Up to $10,000,000 of the funds made available each fiscal year under this chapter *and chapter 7 of this part* shall be used, in addition to funds otherwise available for such purposes, for assistance on such terms and conditions as the President may determine to encourage and promote the participation and integration of women as equal partners in the development process in the developing countries. These funds shall be used primarily to support activities which will increase the economic productivity and income earning capacity of women.

* * * * * * *

Sec. 116. Human Rights.—(a) * * *

* * * * * * *

(d) * * *

(1) the status of internationally recognized human rights, within the meaning of subsection (a), *and coercion in population control, including coerced abortion or involuntary sterilization*—

* * * * * * *

(e)(1) The President is authorized and encouraged to use not less than $3,000,000 of funds made available under this chapter, *chapter 7 of this part*, and chapter 4 of part II for each fiscal year for studies to identify, and for openly carrying out, programs and activities which will encourage or promote increased adherence to civil and political rights, as set forth in the Universal Declaration of Human Rights, in countries eligible for assistance under this chapter *or under chapter 7 of this part, except that funds made available under chapter 7 of this part may only be used under this subsection with respect to countries in sub-Saharan Africa*. None of these funds may be used, directly or indirectly, to influence the outcome of any electon in any country.

* * * * * * *

Sec. 117. Assistance for Disadvantaged South Africans.—In providing assistance under [this chapter] *this chapter, chapter 7 of this part*, or under chapter 4 of part II of this Act for disadvantaged South Africans, priority shall be given to working with and through South African nongovernmental organizations whose leadership and staff are selected on a nonracial basis, and which have the support of the disadvantaged communities being served. The measure of this community support shall be the willingness of a substantial number of disadvantaged persons to participate in activities sponsored by these organizations. Such organizations to which such assistance may be provided include the Educational Opportunities Council, the South African Institute of Race Relations, READ, professional teachers' unions, the Outreach Program of the University of the Western Cape, the Funda Center in Soweto, SACHED, UPP Trust, TOPS, the Wilgespruit Fellowship Center (WFC), and civic and other organizations working at the community level which do not receive funds from the Government of South African.

Sec. 117. Environment and Natural Resources.—(a) * * *

* * * * * * *

(c)(1) The President, in implementing programs and projects under this chapter *and chapter 7 of this part*, shall take fully into account the impact of such programs and projects upon the environment and natural resources of developing countries. Subject to such procedures as the President consider appropriate, the President shall require all agencies and officials responsible for programs or projects under this chapter—

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SEC. 118. TROPICAL FORESTS.

(a) * * *

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(c) * * *

(1) * * *

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(14) Deny assistance under this chapter *and chapter 7 of this part* for—

* * * * * * *

(15) Deny assistance under this chapter *and chapter 7 of this part* for the following activities unless an environmental assessment indicates that the proposed activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development:

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Sec. 119. Endangered Species.—(a) * * *

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(c) FUNDING LEVEL.—For [fiscal year 1987, not less than $2,500,000] *fiscal year 1988, not less than $10,000,000* of the funds available to carry out this part (excluding funds made available to carry out section 140(c)(2), relating to the Child Survival Fund) shall be allocated for assistance pursuant to subsection (b) for activities which were not funded prior to fiscal year 1987. In addition, the Agency for International Development shall, to the fullest extent possible, continue and increase assistance pursuant to subsection (b) for activities for which assistance was provided in fiscal years prior to fiscal year 1987.

* * * * * * *

(g) * * *

(1) * * *

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(10) deny any direct or indirect assistance under this chapter *and chapter 7 of this part* for actions which significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas.

* * * * * * *

[**Sec. 120. Sahel Development Program Planning.**—(a) The Congress reaffirms its support of the initiative of the United States Government in undertaking consultations and planning with countries concerned, and with the countries concerned, and with other nations providing assistance, with the United Nations, and with other concerned international and regional organizations, toward the development and support of a comprehensive long-term African Sahel development program.

[(b) The President is authorized to develop a long-term comprehensive development program for the Sahel and other drought stricken nations in Africa.

[(c) In developing this long-term program, the President shall—

[(1) consider international coordination for the planning and implementation of such program;

[(2) seek greater participation and support by African countries and organizations in determining development priorities; and

[(3) begin such planning immediately.

[(d) * * * [Repealed—1987]]

[**Sec. 121. Sahel Development Program—Implementation.**—(a) The President is authorized to funish assistance, on such terms and conditions as he may determine, for the long-term development of the Sahelian region. Assistance furnished under this section shall be in accordance with a long-term, multidonor development plan which calls for equitable burden sharing with other donors and shall be furnished, whenver appropriate, in cooperation with an international coordinating merchanism.

[(b) The President shall prepare an annual report on the Sahel Development Program concerning the allocation of the United States contribution to the Program, the extent of the contributions from other donor countries, the effectiveness of the integrated effort through the Club des Amis du Sahel, and the progress made in achieving the objectives of the program.

[(c) These are authorized to be appropriated to the President for purposes of this section beginning in the fiscal year 1978, in addition to funds otherwise available for such purposes, $200,000,000, except that not to exceed $50,000,000 may be appropriated under this section for the fiscal year 1987. In addition to the amount authorized in the preceding sentence and to funds otherwise available for such purposes, there are authorized to be appropriated to the President for purposes of this section $25,000,000. In addition to the amounts authorized in the preceding sentences and to funds otherwise available for such purposes, there are authorized to be appropriated to the President for purposes of this section $86,558,000 for the fiscal year 1986 and $87,750,000 for the fiscal year 1987. Amounts appropriated under this section are authorized to remain available until expended.

[(d) Funds available to carry out this section (including foreign currencies acquired with funds appropriated to carry out this section) may not be made available to any foreign government for disbursement unless the Administrator of the Agency for International Development determines that the foreign government will maintain a system of accounts with respect to those funds which will provide adequate identification of and control over the receipt and expenditure of those funds.

[(e) Grants shall be made under this section to Sahel Development Program host governments in order to help them enhance their administrative capabilities to meet the administrative requirements resulting from donor country projects and activities.]

Sec. 122. General Authorities.—(a) In order to carry out the purposes of this chapter *and chapter 7 of this part,* the President is authorized to furnish assistance, on such terms and conditions as he may determine, to countries and areas through programs of grant and loan assistance, bilaterally or through regional, multilateral, or private entities.

* * * * * * *

(f) The provisions of section 620(r) of this Act shall not apply in the case of loans made at or near market rates of interest to private borrowers pursuant to the authority contained in this chapter, chapter 7 of part I, or chapter 4 of part II of this Act if the President determines that by not applying such provisions repayment to the United States is likely to be greater than if such provisions were applicable.

Sec. 123. Private and Voluntary Organizations and Cooperatives in Overseas Development.—(a) The Congress finds that the participation of rural and urban poor people in their countries' development can be assisted and accelerated in an effective manner through an increase in activities planned and carried out by private and voluntary organizations and cooperatives. Such organizations and cooperatives, embodying the American spirit of self-help and assistance to others to improve their lives and incomes, constitute an important means of mobilizing private American financial and human resources to benefit poor people in developing countries. The Congress declares that it is in the interest of the United States that such organizations and cooperatives expand their overseas development efforts without compromising their private and independent nature. The Congress further declares that the financial resources of such organizations and cooperatives should be supplemented by the contribution of public funds for the purpose of undertaking development activities in accordance with the principles set forth in section 102 and, if necessary and determined on a case-by-case basis, for the purpose of sharing the cost of developing programs related to such activities. The Congress urges the Administrator of the agency primarily responsible for administering this part, in implementing programs authorized under this part, to draw on the resource of private and voluntary organizations and cooperatives to plan and carry out development activities and to establish simplified procedures for the development and approval of programs to be carried out by such private and voluntary organizations and cooperatives as have demonstrated a capacity to undertake effective development activities.

(b)(1) United States private and voluntary organizations and cooperatives have proven to be an efficient and effective means of providing people-to-people assistance which has sustainable and lasting impact in benefiting the lives of the poor. In reflecting American values and generosity and in leveraging public funds with private resources, assistance provided through private and voluntary organizations and cooperatives builds long-term friendships for the United States. Accordingly, the Administrator of the agency primarily responsible for administering this part shall increase the involvement in assistance programs of these private nonprofit channels for the delivery of assistance, without compromising their private and independent nature. Such increased involvement should include increased consultation with, and increased direct funding through, private and voluntary organizations and cooperatives.

(2) The Administrator primarily responsible for administering this part shall undertake to—

(A) develop specific mechanisms for regular consultation, in the formulation of development strategies for countries and sectors, with private and voluntary organizations and cooperatives

which have development experience and expertise relevant to those countries and sectors; and

(B) provide appropriate assistance to those organizations and cooperatives to support improvements in their planning, management, evaluation, and coordination activities.

(c) The Congress encourages the Administrator of the agency primarily responsible for administering this part to fully support and encourage development education programs. Private and voluntary organizations and cooperatives can play an important and unique catalytic role in development education to inform, motivate, and involve United States citizens in programs about developing countries or in the development process. Such programs—

(1) increase the understanding of Americans about the importance of the developing world;

(2) transfer factual information on global, social, economic, and political structures and problems;

(3) foster understanding of development as a process that involves all nations;

(4) create a broad global consciousness and awareness of transnational problems;

(5) promote values and attitudes which encourage a feeling of responsibility to correct injustices; and

(6) engage citizens in activities which lead to the improvement of the quality of life for all peoples.

(d) The Congress encourages the fuller utilization of private indigenous organizations and cooperatives in the implementation of activities authorized by this part. Public and private technical and financial assistance from United States private and voluntary organizations and cooperatives can accelerate the strengthening of these organizations and their ability to assist the poor.

(e) In order to enable them to undertake additional development activities in furtherance of section 102, United States and indigenous private and voluntary organizations and cooperatives shall be provided with increased amounts of local currencies owned by the United States or generated through United States Government agreements with host countries under this part, the Agricultural Trade Development and Assistance Act of 1954, or under section 416(b) of the Agricultural Act of 1949. The Administrator is encouraged to provide financial assistance in dollars to initiate and supplement private resources of United States private and voluntary organizations and cooperatives for technical assistance and administrative costs associated with such local currency programs with partner institutions in foreign countries.

(f) Up to $20,000,000 in fiscal year 1988 may be made available to private and voluntary organizations and cooperatives under this chapter and chapter 4 of part II to design, initiate, expand, and enhance food assistance programs that reach the poor in conjunction with food made available under title II of the Agricultural Trade Development and Assistance Act of 1954 and section 416(b) of the Agricultural Act of 1949.

(g)(1) The Congress finds that one of the most effective and least costly ways to maintain and restore the natural resource base in developing countries can be through small-scale, affordable, participatory projects using methods suited to the local environment.

the President continues such support after such date, he shall prepare and transmit, not later than one year after such date, to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate a report setting forth the reasons for such continuation.

[(f) For each of the fiscal years 1986 through 1989 funds in an amount not less than thirteen and one-half percent of the aggregate amount appropriated for that fiscal year to carry out sections 103(a), 104(b), 104(c) 105, 106, 121, and 491 of this Act shall be made available for the activities of private and voluntary organizations, and the President shall seek to channel funds in an amount not less than sixteen percent of such aggregate amount for the activities of private and voluntary organizations. Funds made available under chapter 4 of part II of this Act for the activities of private and voluntary organizations may be considered in determining compliance with the requirements of this subsection.]

(m)(1) For each fiscal year, not less than 15 percent of the funds described in paragraph (2) shall be made available for the activities of private and voluntary organizations and cooperatives, and the President shall seek to channel not less than 20 percent of the funds described in subparagraph (A) of paragraph (2) for the activities of private and voluntary organizations and cooperatives.

(2) Paragraph (1) applies with respect to the aggregate of—

(A) the funds appropriated to carry out sections 103, 104(b), 104(c)(1), 104(c)(2), 105, 106, 472, and 491 of this Act; plus

(B) if the President so determines, the funds used for the activities of private and voluntary organizations and cooperatives under chapter 4 of part II of this Act.

[(g) After December 31, 1984, funds made available to carry out section 103(a), 104(b), 104(c), 105, 106, 121, or 491 of this Act may not be made available for programs of any United States private and voluntary organization which does not obtain at least 20 percent of its total annual financial support for its international activities from sources other than the United States Government, except that this restriction does not apply with respect to programs which, as of that date, are receiving financial support from the agency primarily responsible for administering this part. The Administrator of the agency primarily responsible for administering this part may, on a case-by-case basis, waive the restriction established by this subsection, after taking into account the effectiveness of the overseas development activities of the organization, its level of volunteer support, its financial viability and stability, and the degree of its dependence for its financial support on the agency primarily responsible for administering this part.]

(n) Funds made available to carry out this part may not be made available to any United States private and voluntary organization (other than a cooperative development organization) which obtains less than 20 percent of its total annual funding for international activities from sources other than the United States Government. In calculating the amount of Government support received by an organization, there shall be excluded the value of commodities (and related transportation) made available for overseas distribution and the value of contracts for services, grants, and other activities initi-

ated primarily by the agency primarily responsible for administering this part.

[(h)] (*o*) The Congress recognizes that, in addition to their role in social and economic development, cooperatives provide an opportunity for people to participate directly in democratic decisionmaking. Therefore, assistance under this chapter shall be provided to rural and urban cooperatives which offer large numbers of low- and middle-income people in developing countries an opportunity to participate directly in democratic decisionmaking. Such assistance shall be designed to encourage the adoption of self-help, private sector cooperative techniques and practices which have been successful in the United States.

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Sec. 126. Development and Illicit Narcotics Production.—(a) * * *

(b)(1) In planning programs of assistance under this chapter, *under chapter 7 of this part,* and under chapter 4 of part II for countries in which there is illicit narcotics, cultivation, the agency primarily responsible for administering this part should give priority consideration to programs which would help reduce illicit narcotics cultivation by stimulating broader development opportunities.

* * * * * * *

Sec. 128. Targeted Assistance.—(a) The President shall use poverty measurement standards, such as those developed by the International Bank for Reconstruction and Development, and other appropriate measurements in determining target populations for United States development assistance, and shall strengthen United States efforts to assure that a substantial percentage of development assistance under this chapter *and chapter 7 of this part* directly improves the lives of the poor majority, with special emphasis on those individuals living in absolute poverty.

(b) To the maximum extent possible, activities under this chapter *and chapter 7 of this part* that attempt to increase the institutional capabilities of private organizations or governments, or that attempt to stimulate scientific and technological research, shall be designed and monitored to ensure that the ultimate beneficiaries of these activities are the poor majority.

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Sec. 214. American Schools and Hospitals Abroad.—(a) * * *

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[(c)(1) To carry out the purposes of this section, there are authorized to be appropriated to the President $35,000,000 for fiscal year 1986 and $35,000,000 for fiscal year 1987.]

(c)(1) To carry out the purposes of this section, there are authorized to be appropriated to the President $45,000,000 for fiscal year 1988.

* * * * * * *

Sec. 222. Authorization.—(a) To carry out the policy of section 221, the President is authorized to issue guaranties to eligible investors (as defined in section 238(c)) assuring against losses incurred in connection with loans made for projects meeting the criteria set forth in section 221. The total principal amount of guaranties issued under this title or heretofore issued under prior housing guaranty authorities, which are outstanding at any one time, shall not exceed $2,158,000,000. The authority of this section shall continue through September 30, [1988] *1989*. The President may issue regulations from time to time with regard to the terms and conditions upon which guaranties shall be issued and the eligibility of lenders.

Sec. 222A. Agricultural and Productive Credit and Self-Help Community Development Programs.—(a) * * *

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(h) The authority of this section shall continue through September 30, [1988] *1989*.

Sec. 223. General Provisions.—(a) * * *

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(e)(1) * * *

(2)(A) * * *

(i) * * *

(ii) the amount borrowed under this paragraph which is outstanding at any one time may not exceed [$40,000,000] *$100,000,000*.

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Sec. 224. Trade Credit Insurance Program.—(a) * * *

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(e) Commitments to guarantee under subsection (a) are authorized only to the extent and in the amounts provided in appropriations Act, except that the aggregate amount of outstanding commitments under subsection (a) may not exceed $30,000,000 of contingent liability for loan principal during fiscal year 1986 and may exceed $400,000,000 of contingent liability for loan principal during fiscal year 1987 *and except that commitments under subsection (a) entered into during fiscal year 1988 may not excess $275,000,000 of contingent liability for loan principal.*

[**Sec. 302. Authorization.**—(a)(1) There are authorized to be appropriated to the President $270,000,000 for fiscal year 1986 and $270,000,000 for fiscal year 1987 for grants to carry out the purposes of this chapter, in addition to funds available under other Acts for such purposes. Of the amount appropriated for each of the fiscal year 1986 and 1987 pursuant to these authorizations—

[(A) 59.65 percent shall be for the United Nations Development Program;

[(B) 19.30 percent shall be for the United Nations Children's Fund;

[(C) 7.20 percent shall be for the International Atomic Energy Agency, except that these funds may be contributed to that Agency only if the Secretary of State determines (and so reports to the Congress) that Israel is not being denied its right to participate in the activities of that Agency;

[(D) 5.44 percent shall be for Organization of American States development assistance programs;

[(E) 3.51 percent shall be for the United Nations Environment Program;

[(F) 0.70 percent shall be for the World Meteorological Organization;

[(G) 0.70 percent shall be for the United Nations Capital Development Fund;

[(H) 0.35 percent shall be for the United Nations Education and Training Program for Southern Africa;

[(I) 0.18 percent shall be for the United Nations Voluntary Fund for the Decade for Women;

[(J) 0.07 percent shall be for the Convention on International Trade in Endangered Species;

[(K) 0.70 percent shall be for the World Food Program;

[(L) 0.18 percent shall be for the United Nations Institute for Namibia;

[(M) 0.12 percent shall be for the United Nations Trust Fund for South Africa;

[(N) 0.04 percent shall be for the United Nations Voluntary Fund for Victims of Torture;

[(O) 0.07 percent shall be for the United Nations Industrial Development Organization;

[(P) 0.55 percent shall be for the United Nations Development Program Trust Fund to Combat Poverty and Hunger in Africa;

[(Q) 0.97 percent shall be for contributions to international conventions and scientific organizations;

[(R) 0.18 percent for the United Nations Centre on Human Settlements (Habitat); and

[(S) 0.09 percent shall be for the World Heritage Fund.]

Sec. 302. Authorization.*—(a)(1) There are authorized to be appropriated to the President $237,264,000 for fiscal year 1988 for grants to carry out the purposes of this chapter and section 103(g) of this Act, in addition to funds available under other Acts for such purposes. Of this amount—*

(A) not less than $110,000,000 shall be available only for the United Nations Development Program;

(B) not less than $55,000,000 shall be available only for the United Nations Children's Fund;

(C) not less than $26,600,000 shall be available only for the International Fund for Agricultural Development;

(D) not less than $12,000,000 shall be available only for the United Nations Environment Program;

(E) not less than $1,500,000 shall be available only for the United Nations Sudano-Sahelian Office; and

(F) not less than $219,000 shall be available only for the United Nations Development Fund for Women.

* * * * * * *

[(3) * * * [Repealed—1981]]

(3) Funds authorized to be appropriated by paragraph (1) may be contributed to the International Atomic Energy Agency only if the Secretary of State determines (and so reports to the Congress) that

Israel is not being denied its right to participate in activities of that agency.

* * * * * * *

Sec. 308. Participation by Israel in the United Nations.—If Israel is illegally expelled, suspended, denied its credentials, or in any other manner denied its right to participate in any principal or subsidiary organ or in any specialized, technical, or other agency of the United Nations, the United States shall suspend its participation in, and contributions to, any such organ or agency until the illegal action or denial of rights is reversed.

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[Chapter 7—JOINT COMMISSIONS ON RURAL DEVELOPMENT * * * [REPEALED—1978]]

Chapter 7—AFRICA FAMINE RECOVERY AND DEVELOPMENT

SEC. 471. FINDINGS.

The Congress finds as follows:

(1) Drought and famine, most recently in 1983-1985, have caused countless deaths and untold suffering in sub-Saharan Africa and have also severely affected the region's long-term development.

(2) The development crisis in Africa ia a result of a combination of internal and external factors which include—

(A) government neglect of the agricultural sector;

(B) the stifling of private initiative through inappropriate economic policies and overextended bureaucracies;

(C) ill-conceived policies, including artificially low farmgate prices and overvalued exchange rate; and

(D) flawed institutions such as state marketing monopolies that have discouraged farmers from increasing production beyond subsistence levels.

(3) The most cost-effective and efficient way of addressing Africa's vulnerability to drought and famine is to address its long-term development needs.

(4) Resolution of the development crisis in Africa calls for, among other things, renewed and sustained real economic growth with increased involvement of the private sector. Political and economic development which protects and involves the individual must be encouraged. Agricultural production must expand to reduce the vulnerability of Africans to recurring drought and food shortages. Productive employment and real incomes must grow and this growth must be spread broadly among the population, for even in countries which are self-reliant in overall food availability, there are large segments of the population without the income or resources to acquire or produce sufficient food. Human productivity must be increased through improvements in health, education and nutrition in order to expand and sustain the productive capacities of national economies.

(5) Beyond humanitarian concerns, United States interests in sub-Saharan Africa lie primarily in the advancement of long-

term, mutually beneficial economic and political relations. These relations can best be furthered by the promotion of long-term development through a process of economic growth that is equitable, particpatory, environmentally sustainable, and self-reliant. A developing Africa will benefit the United States economically through expanded trade and investment, and politically through the avoidance of political turmoil, external interventions that exacerbate international conflicts, and hostility between rich and poor nations.

(6) A common cause of past failures of assistance has been the inappropriate nature of the assistance to meet the needs. There must be local level consultation and involvement in order to gain the benefit of local advice and participation in assisted projects and programs.

(7) To provide more responsive, effective development assistance to the poor majority in sub-Saharan Africa (including women, the landless, subsistence food producers, and migrants), United States Government development agencies should learn from and build upon the capabilities and experience of African, United States, and other private and voluntary organizations active in local grassroots development efforts. These agencies should consult closely with such private and voluntary organizations and significantly factor their views into decisions on assistance, and they should also support the expansion and strengthening of activities of private and voluntary organizations without compromising their private and independent nature.

(8) United States Government development agencies should ensure that assistance to sub-Saharan Africa reaches, in just proportions, African women who produce, market, process, and transport the overwhelming majority of the region's food.

(9) United States development assistance for sub-Saharan Africa should continue to emphasize projects and programs that attack the longer-term constraints to development. It should also provide program aid to address constraints such as maintenance and rehabilitation needs and inappropriate national economic policies that deny prices, markets, the private sector, and good public management their proper role in promoting African development. Assisted economic policy reforms should include provisions to protest vulnerable groups and long-term environmental interests.

(10) United States development assistance should focus on critical development issues in the following interrelated sectors; agriculture, natural resources, health, population planning, education, and off-farm employment. Of increasing concern, as demonstrated by the recent famine, is the degradation of the natural resource base. Prompt action to maintain and restore the natural resource base is essential.

(11) The effectiveness and efficiency of United States development assistance can be significantly increased through the making of a long-term commitment to development in sub-Saharan Africa, more flexible and integrated programming, improved organization, reporting, and evaluation of assistance,

and greater participation in international coordination mechanisms by the governments in sub-Saharan Africa.

(12) The United States and other international donors should adopt measures to alleviate more effectively the contemporary debt service burdens of low-income countries in sub-Saharan Africa. Low-income African countries, comprising the great majority of the world's poorer nations, have little capacity to generate the foreign exchange necessary to meet debt service obligations in a timely manner and maintain even existing levels of economic growth and living standards. The solution to African debt problems will require a sustained per capita growth in income.

SEC. 472. LONG-TERM DEVELOPMENT ASSISTANCE.

(a) AUTHORITY TO PROVIDE ASSISTANCE.—The President is authorized to provide project and program assistance, on such terms and conditions as he may determine, for long-term development in sub-Saharan Africa.

(b) PURPOSE OF ASSISTANCE.—The purpose of assistance under this section shall be to help the poor majority in sub-Saharan Africa (including women, the landless, subsistence food producers, and migrants) to participate in a process of long-term development through economic growth that is—

(1) equitable, in that it enables the poor to increase their incomes and their access to productive resources and services so that they can satisfy their basic needs and lead lives of decency, dignity, and hope;

(2) participatory, in that it enables the poor to contribute knowledge and other resources and to make and influence decisions that affect their lives;

(3) environmentally sustainable, in that it maintains and restores the renewable natural resource base of the economy and wisely uses nonrenewable resources; and

(4) self-reliant, in that it is based on indigenous institutions, private and public, local and national, that have the capacity (including the human resources and finances) to carry out development policies.

Assistance provided under this section should also encourage private sector development, promote individual initiatives, and help to reduce the role of central governments in productive enterprises and other areas appropriate for the private sector.

(c) APPLICATION OF DEVELOPMENT ASSISTANCE GENERAL AUTHORITIES AND POLICIES.—Except to the extent inconsistent with this section—

(1) reference in any law to chapter 1 of this part (including references to sections 103 through 106) shall be deemed to include reference to this section; and

(2) assistance under this section shall be provided in accordance with the policies contained in section 102.

(d) PRIVATE AND VOLUNTARY ORGANIZATIONS.—

(1) CONSULTATION TO ENSURE LOCAL PERSPECTIVES.—The agency primarily responsible for administrating this part shall take into account the local-level perspectives of the rural and urban poor in sub-Saharan Africa during the initial planning

and final review stages of the country development strategy statement, mission action plan, and any similar annual country planning documents for project and program assistance under this section. In order to gain that perspective, the agency shall consult closely with African, United States, and other private and voluntary organizations which have demonstrated effectiveness in the promotion of local, grassroots activities on behalf of long-term development in sub-Saharan Africa as described in subsection (b). The agency shall establish in each country which receives assistance under this section, appropriate mechanisms for such consultation.

(2) FUNDING FOR EXPANSION AND STRENGTHENING OF DEVELOPMENT EFFORTS.—In carrying out this section, the agency primarily responsible for administering this part shall make available funds for an expansion and strengthening of development efforts by African, United States, and other private and voluntary organizations which have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in sub-Saharan Africa as described in subsection (b).

(3) SIMPLIFIED PROCEDURES.—The agency primarily responsible for administering this part should establish simplified procedures for the development, approval, management, and evaluation of projects and programs to be carried out by private and voluntary organizations under this section.

(4) DEFINITION OF PRIVATE AND VOLUNTARY ORGANIZATION.—For purposes of this section, the term "private and voluntary organization" includes (in addition to entities traditionally considered to be private and voluntary organizations) cooperatives, credit unions, trade unions, women's groups, other intermediaries, and indigenous local organizations, which are private and nonprivate.

(e) LOCAL INVOLVEMENT IN DESIGN AND IMPLEMENTATION OF PROJECTS.—Local people shall be closely consulted and involved in the design and implementation of every project under this section which has a local focus.

(f) PARTICIPATION OF AFRICAN WOMEN.—The agency primarily responsible for administering this part shall ensure that development activities assisted under this section incorporate African women's active participation so as to reflect to the maximum extent practicable their central role in agricultural activities.

(g) POLICY AND OTHER CONSTRAINTS TO LONG-TERM DEVELOPMENT AND NEED FOR REFORM OF NATIONAL ECONOMIC POLICIES.—

(1) USE OF PROGRAM ASSISTANT.—The agency primarily responsible for administering this part shall utilize program assistance—

(A) to help overcome shorter-term constraints to long-term development, such as the need for maintenance and rehabilitation within the critical sectoral priorities described in subsection (h), and

(B) to promote reform of national economic policies to support these priorities, to bring about appropriate restructuring of their economies, to establish a favorable environment for individual enterprise and self-sustaining develop-

ment, and to enhance the effectiveness of assistance provided under this chapter,

(2) ASSISTANCE EMPHASIS.*—Assistance under this section shall continue to emphasize projects and programs to address other long-term constraints to development.*

(3) PROTECTION OF VULNERABLE GROUPS.*—Assisted policy reforms shall take into account the need to protect vulnerable groups (especially poor, isolated, female farmers and the urban poor) and long-term environmental interests from possible negative consequences of the reforms.*

(h) CRITICAL SECTOR PRIORITIES.*—Assistance for sectors shall be provided with respect to the following critical priorities for long-term development as described in subsection (b):*

(1) AGRICULTURAL PRODUCTION AND NATURAL RESOURCES.*—*

(A) AGRICULTURAL PRODUCTION.*—Increasing agricultural production in ways which protect and restore the natural resource base, especially food production through, for example, agricultural policy changes at the macroeconomic and sector levels, agricultural research and extension, development, and promotion of agriculture marketing activities, credit facilities, and appropriate production packages, and the construction and improvement of needed production-related infrastructure such as farm-to-market roads and small-scale irrigation. Emphasis shall be given to promotion increased equity in rural income distribution, recognizing the role of small farmers (the majority of whom are women) and the farm family. In view of the central role of women in sub-Saharan African food systems, gender roles shall be analyzed and taken into account in order to ensure the integration of women into development activities.*

(B) BASIC INFRASTRUCTURE.*—Maintaining and improving basic transportation and communications networks, especially networks that support agricultural production and marketing. Emphasis shall be given to inexpensive maintainable roads that connect rural areas to commercial centers.*

(C) NATURAL RESOURCE BASE.*—Maintaining and restoring the renewable natural resource base in ways which increase agricultural production through, for example, the following:*

(i) Primary emphasis on small-scale, affordable, resource-conserving, low-risk local projects, using appropriate technologies (including traditional agricultural methods) suited to local environmental, resource, and climatic conditions, and featuring close consultation with and involvement of local people at all stages of project design and implementation.

(ii) Significant support for efforts at national and regional levels to provide technical and other support for projects of the kinds described in clause (i) and to strengthen the capacities of African countries to provide effective research, extension and other services in support of environmentally sustainable increases in food production.

(iii) Significant support for special training and education efforts to improve the capacity of countries in sub-Saharan Africa to manage their own environments and natural resources.

(iv) Components of agricultural production activities which clearly support the purposes of clauses (i) through (iii).

(2) HEALTH.—Improving health conditions in order to improve the quality of life of the people and their ability to contribute to economic growth, with special emphasis on meeting the health needs of mothers and children through the establishment of self-sustaining primary health care systems that give priority to preventive care.

(3) VOLUNTARY FAMILY PLANNING SERVICES.—Providing increased access to voluntary family planning services, including encouragement of private, community, and local government initiatives, in order to allow couples to space the births of their children as they desire, thus contributing to improved health for mothers and children and reduced pressure on natural resources. Infertility, which is a serious problem in some parts of sub-Saharan Africa, should be addressed by activities supported under this paragraph.

(4) EDUCATION.—Improving the relevance to production and the efficiency of education, with substantial attention given to improving basic literacy and mathematics especially to those outside the formal educational system and improving primary education.

(5) INCOME GENERATING OPPORTUNITIES.—Developing income-generating opportunities for the unemployed and underemployed in urban and rural areas. Off-farm employment opportunities in micro- and small-scale labor-intensive enterprises shall be emphasized (especially those which relate to processing increased agricultural production and adding to the value of the production and to the production of consumer goods in rural areas).

(i) MINIMUM LEVELS OF ASSISTANCE FOR CERTAIN CRITICAL SECTORS.—

(1) ALLOCATION.—Of the amount authorized to be appropriated for fiscal year 1988 pursuant to section 473, not less than 30 percent shall be used for activities described in paragraphs (1)(C), (2), and (3) of subsection (h).

(2) USE OF FUNDS.—Of the amount allocated pursuant to paragraph (1) of this subsection, the agency primarily responsible for administering this part should use—

(A) not less than 10 percent for the activities described in paragraph (1)(C) of subsection (h);

(B) not less than 10 percent for the activities described in paragraph (2) of subsection (h); and

(C) not less than 10 percent for the activities described in paragraph (3) of subsection (h).

(j) EFFECTIVE USE OF ASSISTANCE.—Assistance provided under this section shall be concentrated in countries which will make the most effective use of such assistance in order to fulfill the purpose specified in subsection (b), especially those countries (including those

of the Sahel region) having the greatest need for outside assistance. Assistance shall not be allocated for a project or program in a country where the relevant sector or national economic policies are clearly unfavorable to the sustainability or broadened impact of the assisted activity.

(k) Procurement of Goods and Services.—In order to allow the assistance authorized by this section to be furnished as effectively and expeditiously as possible, section 604(a) of this Act, and similar provisions relating to the procurement of goods and services, shall not apply with respect to goods and services procured for use in carrying out this section. The exemption provided by this subsection shall not be construed to apply to the Comprehensive Anti-Apartheid Act of 1986.

(l) Generated Local Currencies.—

(1) Generated under this section.—Local currencies generated under this section by the sale of imports or foreign exchange by the government of a country in sub-Saharan Africa shall be deposited in a special account established by that government. These local currencies shall be available only for use, in accordance with an agreement with the United States, for development activities which are consistent with the policy directions of section 102 and which would be eligible for assistance under this section, except that the agreement shall require that the government of the country make available to the United States Government such portion of the amount deposited in the special account as may be determined by the President to be necessary for requirements of the United States Government. The agency primarily responsible for administering this part shall carefully monitor the deposit and uses of local currencies used for development activities pursuant to this paragraph.

(2) Generated under other laws.—Local currencies generated in sub-Saharan Africa under chapter 4 of part II of this Act (relating to the economic support fund) or under section 106(b)(2), section 206, or title III of the Agricultural Trade Development and Assistance Act of 1954 (relating to the Food for Peace Program) that are to be used for development activities shall be used only for activities which would be eligible for assistance under this section.

(m) Donor Coordination Mechanism.—Funds made available to carry out this section may be used to assist the governments of countries in sub-Saharan Africa to increase their capacity to participate effectively in donor coordination mechanisms at the country, regional, and sector levels.

(n) Relation to Other Authorities.—The authority granted by this section to provide assistance for long-term development in sub-Saharan Africa in not intended to preclude the use of other authorities for that purpose. Centrally-funded programs which benefit sub-Saharan Africa shall continue to be funded under chapter 1 of this part.

SEC. 473. AUTHORIZATION OF APPROPRIATIONS.

(a) Authorization.—There is authorized to be appropriated to the President $450,000,000 for fiscal year 1988 for assistance under section 472 and section 477(b).

(b) Extended Availability of Funds.—Funds appropriated under this section are authorized to remain available until expended. It is the sense of the Congress that the authority of this subsection should be used to extend the period of availability of those funds whenever appropriate to improve the quality of assistance provided under section 472.

(c) Limitation on Transfers Between Accounts.—

(1) Development assistance transfer authority.—The transfer authority contained in section 109 shall not apply with respect to this chapter.

(2) General transfer authority.—Except as provided in paragraph (3), the transfer authority contained in section 610(a) may not be used to transfer funds appropriated under this section for use in carrying out any other provision of this Act.

(3) Waiver authority.—The special waiver authority contained in section 614(a) (1) may be used to waive paragraph (2) but may not be used to waive paragraph (1).

SEC. 474. AID MANAGEMENT REFORM.

(a) Findings.—Congress finds that the President should continue to make efforts to improve the management of economic assistance in sub-Saharan Africa, including efforts—

(1) to concentrate assistance on a few priority areas in each country, based on the country's circumstances;

(2) to reduce the number of projects and to increase the duration, and to increase the sustainability, of projects which are funded;

(3) to decrease recurring costs of projects;

(4) to increase decentralization of field missions;

(5) to streamline the project development process and shorten the time from project inception to implementation;

(6) to streamline the contract process;

(7) to coordinate the United States economic assistance effort in sub-Saharan Africa, including an examination of the adequacy of existing interagency coordination mechanisms, the need to reinvigorate the Development Coordination Committee, and the need and importance of multidonor coordination in the District of Columbia and in field missions;

(8) to increase substantially the proportion of in-country staff time spent on field work at the local grassroots level;

(9) to develop greater language competence among in-country United States staff;

(10) to increase the period of in-country assignments;

(11) to increase the use and training of locally hired African staff;

(12) to increase staff trained in macroeconomics and African political economy to enhance the capacity to provide assistance in policy reform and in technical areas (especially environmental science); and

(13) to revise personnel incentive and evaluation systems in order to achieve the purpose specified in section 472(b).

(b) Reporting Requirement.—Not later than February 1, 1988, the Administrator of the agency responsible for administering this part shall prepare and transmit to the Speaker of the House of Rep-

fied in section 472(b). To the maximum extent practicable, the agency primarily responsible for administering this part should use resources and authorities available under the Agricultural Trade Development and Assistance Act of 1954, section 416(b) of the Agricultural Act of 1949, and the Food for Progress Act of 1985 to complement the assistance provided under section 472.

SEC. 477. INTERNATIONAL ORGANIZATIONS AND MULTILATERAL DEVELOPMENT BANKS.

(a) FINDINGS.—The Congress finds as follows:

(1) International organizations have provided significant and critical support for development and humanitarian efforts in sub-Saharan Africa, which has effectively complemented assistance provided by the United States.

(2) International organizations must continue to play a significant role in addressing issues of critical importance to development in sub-Saharan Africa, such as agricultural production and research, maternal and child health care, family planning, primary and technical education, and the maintenance of the natural resource base.

(3) The African Development Bank and the African Development Fund, as the most prominent development institutions in the region, and the International Bank for Reconstruction and Development (especially through the activities of the International Development Association), play a significant role in financing development, in influencing economic policy issues, and in providing training for the region's development leaders. The sectoral priorities of these institutions, which include lending to help countries meet their basic food requirements, to develop their human resource potential through education and health programs, and to create basic infrastructure, are consistent with the objectives of this chapter.

(4) The Special Facility for Africa of the International Development Association is an important new institution whose purpose is to increase significantly the amount and effectiveness of development resources available to sub-Saharan Africa.

(b) FUNDING FOR ACTIVITIES OF INTERNATIONAL ORGANIZATIONS.—The President is authorized to make available such amounts from the funds authorized to be appropriated by section 473 as the President deems appropriate to support activities of international organizations which are consistent with the purpose specified in section 472(b) and are undertaken in coordination with the agency primarily responsible for administering this part. Any funds made available under this subsection shall be in addition to amounts authorized to be made available to such organizations from other sources.

(c) MULTILATERAL DEVELOPMENT BANKS.—The President is encouraged to use the authorities provided in section 472 in cooperation with activities of the multilateral development banks in sub-Saharan Africa, particularly when such activities are directed toward the encouragement of policy reforms in the beneficiary countries.

SEC. 478. RESCHEDULING OF MULTILATERAL LOANS.

The Secretary of the Treasury shall instruct the United States Executive Director to the International Monetary Fund to pursue actively means by which that institution could reschedule the payments due it by the low-income countries in sub-Saharan Africa in order to alleviate the near-term debt service burden facing those countries.

SEC. 479. PROHIBITION ON USE OF FUNDS FOR PAYMENT OF OFFICIAL DEBT.

The President shall ensure that funds made available to carry out section 472 are not used by any country in sub-Saharan Africa to make payments with respect to any official debt owed by that country to the United States Government, any foreign government, or any multilateral lending institution.

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Sec. 481. International Narcotics Control.—(a)(1) * * *

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(e)(1) Not later than [March 1] *February 15* of each year, the President shall transmit to the Speaker of the House of Representatives, and to the Committee on Foreign Relations of the Senate, a report on United States policy to establish and encourage an international strategy to prevent the illicit cultivation and manufacture of and traffic in narcotic and psychotropic drugs and other controlled substances.

* * * * * * *

(7) Each report pursuant to this subsection shall include specific comments and recommendations by appropriate Federal agencies involved in drug enforcement, including the United States Customs Service and the Drug Enforcement Administration, with respect to the degree to which countries listed in the report have cooperated fully with such agencies during the preceding year as described in subsection (h).

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(h)(1) * * *

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(4)(A) The provisions of paragraph (1) shall apply without regard to paragraph (2) if the Congress enacts, within [30] *60* days of continuous session after receipt of a certification under paragraph (2), joint resolution disapproving the determination of the President contained in such certification.

[(B)(i) Any such joint resolution shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.]

(B)(i) For the purpose of expediting the consideration and enactment of joint resolutions under this subsection, a motion to proceed to the consideration of any such joint resolution after it has been reported by the Committee on Foreign Relations shall be treated as highly privileged in the Senate.

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Sec. 482. Authorization.—[(a)(1) To carry out the purposes of section 481, there are authorized to be appropriated to the President $57,529,000 for the fiscal year 1986 and $57,529,000 for the fiscal year 1987.] *(a)(1) to carry out the purposes of section 481, there are authorized to be appropriated to the President $118,400,000 for the fiscal year 1988.*

Chapter 9—INTERNATIONAL DISASTER ASSISTANCE

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Sec. 492. Authorization.—(a) [There are authorized to be appropriated to the President to carry out section 491, $25,000,000 for the fiscal year 1986 and $25,000,000 for the fiscal year 1987]. *There are authorized to be appropriated to the President to carry out section 491, $25,000,000 for fiscal year 1988.* Amounts appropriated under this section are authorized to remain available until expended.

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Sec. 495K. African Famine Assistance.—

(a) AUTHORIZATION OF ASSISTANCE.—The President is authorized to provide assistance for famine relief, rehabilitation, and recovery in Africa. Assistance under this section shall be provided for humanitarian purposes and shall be provided on a grant basis. *Where appropriate, recovery activities assisted under this section should serve as the foundation for long-term development activities undertaken pursuant to section 472 of this Act.* Such assistance shall include—

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(b) USES OF FUNDS.—

(1) PRIVATE AND VOLUNTARY ORGANIZATIONS AND INTERNATIONAL ORGANIZATIONS.—* * *

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[(3) MANAGEMENT SUPPORT ACTIVITIES.—Of the amount authorized to be appropriated by this section, $2,500,000 shall be transferred to the "Operating Expenses of the Agency for International Development" account. These funds shall be used for management support activities associated with the planning, monitoring, and supervision of emergency food and disaster assistance provided in those countries in Africa described in section 5(a) of the African Famine Relief and Recovery Act of 1985.]

(3) MANAGEMENT SUPPORT ACTIVITIES.—Amounts allocated to carry out this section may be transferred to the "Operating Expenses of the Agency for International Development" account and used for management support activities associated with the planning, monitoring, and supervision of assistance provided under this section.

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PART II

Chapter 1—POLICY

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Sec. 502B. Human Rights.—(a)(1) * * *

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(b) The Secretary of State shall transmit to the Congress, as part of the presentation materials for security assistance programs proposed for each fiscal year, a full and complete report, prepared with the assistance of the Assistant Secretary of State for Human Rights and Humanitarian Affairs, with respect to practices regarding the observance of and respect for internationally recognized human rights *and practices regarding coercion in population control, including coerced abortion or involuntary sterilization,* in each country proposed as a recipient of security assistance. In determining whether a government falls within the provisions of subsection (a)(3) and in the preparation of any report or statement required under this section, consideration shall be given to—

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Chapter 2—MILITARY ASSISTANCE

Sec. 503. General Authority.—(a) * * *

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(3) transferring such of the funds appropriated or otherwise made available under this chapter as the President may determine for assistance to a recipient country, to the account in which funds for the procurement of defense articles and defense services under section 21 and section 22 of the Arms Export Control Act have been deposited for such recipient, to be merged with such deposited funds, and to be used solely to meet obligations of the recipient for payment for sale under that Act Sales which are wholly paid from funds transferred under paragraph (3) *or from funds made available on a nonrepayable basis under section 23 of the Arms Export Control Act* shall be priced to exclude the costs of salaries of members of the Armed Forces of the United States *(other than the Coast Guard).*

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Sec. 504. Authorization.—**[**(a)(1) There are authorized to be appropriated to the President to carry out the purposes of this chapter $805,100,000 for the fiscal year 1986 and $805,100,000 for the fiscal year 1987.**]** *(a)(1) There are authorized to be appropriated to the President to carry out the purposes of this chapter $919,900,000 for fiscal year 1988.*

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Sec. 505. Conditions of Eligibility.—(a) * * *

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(e) In considering a request for approval of any transfer of any weapon, weapons systems, munitions, aircraft, military boat, military vessel, or other implement of war to another country, the President shall not give his consent under subsection (a)(1) or (a)(4) to the transfer unless the United States itself would transfer the defense article under consideration to that country. In addition, the President shall not give his consent under subsection (a)(1) or (a)(4) to the transfer of any [significant defense articles] *significant military equipment* United States Munitions List unless the foreign country requesting consent to transfer agrees to demilitarize [such defense articles] *such military equipment* prior to transfer, or the proposed recipient foreign country provides a commitment in writing to the United States Government that it will not transfer [such defense articles] *such military equipment* if not demilitarized, to any other foreign country or person without first obtaining the consent of the President.

Sec. 514. Stockpiling of Defense Articles for Foreign Countries.—(a) * * *

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(c) Except for stockpiles in existence on the date of enactment of the International Security Assistance and Arms Export Control Act of 1976 and for stockpiles located in the Republic of Korea, *Thailand,* or countries which are members of the North Atlantic Treaty Organization, no stockpile may be located outside the boundaries of a United States military base or a military base used primarily by the United States.

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Sec. 516. Modernization of Defense Capabilities of Countries of NATO's Southern Flank.—(a) Authority To Transfer Excess Defense Article.—Not withstanding any other provision of law and subject to subsection (b), during the fiscal years 1987 and 1988 the President may transfer to those member countries of the North Atlantic Treaty Organization (NATO) on the southern flank of NATO which are eligible for United States security assistance [and which are integrated into NATO's military structure], *and to major non-NATO allies on the southern and southeastern flank of NATO which are eligible for United States security assistance,* such defense articles as the President determines necessary to help modernize the defense capabilities of such countries. Such articles may be transferred without cost to the recipient countries.

(b) Limitations on Transfers.—The President may transfer *excess* defense articles under this section only if—

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(c) Notification to Committees of Congress.—The President may not transfer *excess* defense articles under this section until 30 days after he has notified the Committees on Armed Services and Foreign Relations of the Senate and the Committees on Armed Services and transfer. This notification shall include a certification of the need for the transfer and an assessment of the impact of the transfer on the military readiness of the United States.

(d) Not later than February 1 of each year, the President shall transmit to the Congress as part of the annual presentation materials for security assistance programs for the next fiscal year, a report which sets forth in detail—

(1) the numbers and items of excess defense articles most likely to be provided to each country eligible to receive such defense articles during the calendar year in which such report is transmitted; and

(2) the numbers and items of excess defense articles actually provided to each eligible country under this section during the calendar year preceding the year in which such report is transmitted."

(e) MAINTENANCE OF MILITARY BALANCE IN EASTERN MEDITERRANEAN.—

(1) UNITED STATES POLICY.—The Congress intends that defense articles be made available under this section consistent with the United States policy, established by section 620C of the Foreign Assistance Act of 1961, of maintaining the military balance in the eastern Mediterranean.

(2) MAINTENANCE OF BALANCE.—Accordingly the President shall ensure that, for each fiscal year the ratio of—

(A) the value of excess defense articles made available for Turkey under this section, to

(B) the value of excess defense articles made available for Greece under this section,

closely approximates the ratio of—

(i) the amount of military assistance and financing provided for Turkey, to

(ii) the amount military assistance and financing provided for Greece.

(3) EXCEPTION TO REQUIREMENT.—This subsection shall not apply if either Greece or Turkey ceases to be eligible to receive excess defense articles under subsection (a).

[(d)] *(f)* WAIVER OR REQUIREMENT FOR REIMBURSEMENT OF DOD EXPENSES.—Section 632(d) shall not apply with respect to transfers of *excess* defense articles under this section.

[(e) DEFINITION.—As used in subsection (a), the term "member countries of the North Atlantic Treaty Organization (NATO) on the southern flank of "NATO" means Greece, Italy, Portugal, Spain, and Turkey.]

(g) DEFINITIONS.—As used in this section—

(1) the term "excess defense articles" has the meaning given that term by section 644(g) of this Act;

(2) the term "made available" means that a good faith offer is made by the United States to furnish the excess defense articles to a country;

(3) the term "member country of the North Atlantic Treaty Organization (NATO) on the southern flank of NATO" means Greece, Italy, Portugal, Spain, and Turkey;

(4) the term "major non-NATO ally on the southern and southeastern flank" means Israel and Egypt; and

(5) the term "military assistance and financing" means military assistance authorized by section 503 of this Act and foreign military sales financing authorized by the Arms Export Control Act.

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Chapter 4—ECONOMIC SUPPORT FUND

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Sec. 531. Authority.—(a) The Congress recognizes that, under special economic, political, or security conditions, the national interests of the United States may require economic support for countries in amounts which could not be justified solely under chapter 1 of part I *or, in the case of countries in sub-Saharan Africa, chapter 7 of part I.* In such cases, the President is authorized to furnish assistance to countries and organizations, on such terms and conditions as he may determine, in order to promote economic or political stability. To the maximum extent feasible, the President shall provide assistance under this chapter consistent with the policy directions, purposes, and programs of part I of this Act.

* * * * * * *

[**Sec. 532. Authorization of Appropriations.**—(a) There are authorized to be appropriated to the President to carry out the purposes of this chapter—

[(1) $2,015,000,000 for the fiscal year 1986 and $2,015,000,000 for the fiscal year 1987 for the following countries signing the Camp David agreement: Israel and Egypt; and

[(2) $1,785,000,000 for the fiscal year 1986 and $1,785,000,000 for the fiscal year 1987 for assistance under this chapter for recipients or purposes other than the countries referred to in paragraph (1).]

Sec. 532. Authorization of Appropriations.*—(a) There are authorized to be appropriated to the President to carry out the purposes of this chapter $3,498,900,000 for the fiscal year 1988.*

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Sec. 534. Administration of Justice.—(a) * * *

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[(d) Funds may not be obligated for assistance under this section unless the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate are notified of the amount and nature of the proposed assistance at least 15 days in advance in accordance with the productions applicable to reprogrammings pursuant to section 634A of this Act.]

(b) ADVANCE NOTICE TO CONGRESS.—Funds may not be obligated for assistance under this section unless the Committee of Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate are notified in writing in accordance with the procedures applicable to reprogrammings pursuant to section 634A of this Act. Each such notification shall specify the country which will receive assistance and the amount, purpose, and nature of the assistance, including a detailed description of the assistance or equipment intended to be provided. Each such notification shall be provided at least 15 days before the funds are obligated.

[(e) The authority of this section shall expire on September 30, 1987.]

(e) The authority of this section shall expire on September 30, 1988.

(f) Equipment.—In carrying out this section, primary emphasis shall be placed on the provision of training and other services rather than the provision of equipment. Not more than 25 percent of the funds available in any fiscal year for programs under this section may be used to provide equipment. Funds made available to carry out this section may not be used to provide any lethal equipment.

(g) Consultation With Assistant Secretary for Human Rights.—The Assistant Secretary of State for Human Rights and Humanitarian Affairs shall be consulted in the development and implementation of programs under this section, including determinations of the countries that will receive assistance and the determinations of the nature of the assistance provided.

(h) Limitations on Funds.—Of the funds made available for fiscal year 1988 to carry out this section—

(1) not more than $3,000,000 may be made available for such purposes with respect to El Salvador; and

(2) not less than $3,000,000 shall be made available for such purposes with respect to Guatemala.

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SEC. 536. PURCHASE OF UNITED STATES GOODS AND SERVICES.

(a) Considerations Regarding Cash Transfers.—Assistance may be provided to a foreign country under this chapter as a cash transfer only if the President determines that the needs for that country and the interests of the United States would be better met by a cash transfer.

(b) Use of Cash Transfers for United States Goods and Services.—Assistance may be provided to a country under this chapter as a cash transfer only pursuant to an agreement requiring that the country spend an amount equal to the amount of the cash transfer to purchase United States goods and services. Nothing in this section shall prevent a country from purchasing, with United States cash transfer assistance, goods and services produced in that country. United States goods purchased pursuant to such an agreement shall be deemed to have been furnished by the United States without provision for reimbursement within the meaning of section 901(b)(1) of the Merchant Marine Act, 1936 (46 U.S.C. App. 1241(b)(1).

(c) GAO Audits.—Each agreement pursuant to which cash transfer assistance is provided under this chapter shall include provisions to ensure that representatives of the Comptroller General have access to the records and personnel necessary to carry out such monitoring and auditing as the Comptroller General deems appropriate.

(d) Exemptions.—This section shall not apply to any country—

(1) which receives cash transfer assistance under this chapter of less than $10,000,000 for a fiscal year;

(2) which, as of April 1, 1987, is receiving cash transfer assistance under this chapter and has an agreement with the United States under which the country agrees—

(A) to spend an amount equal to the amount of the cash transfer on the purchase of United States goods and services, and

(B) to carry 50 percent of all bulk shipments of United State grain on privately-owned United States-flag commercial vessels, to the extent such vessels are available at fair and reasonable rates for such vessels,

except that a country shall be exempted pursuant to this paragraph only so long as that country continues to agree to those conditions; or

(3) which, as of the effective date of this section, has an agreement with the United States requiring that the country spend an amount equal to the amount of any cash transfer assistance under this chapter to purchase United States goods and services, except that a country shall be exempted pursuant to this paragraph only so long as that country continues to agree to that condition.

United States goods purchased pursuant to an agreement described in paragraph (3) shall be deemed to have been furnished by the United States without provisions for reimbursement within the meaning of section 901(b)(1) of the Merchant Marine Act, 1936 (46 U.S.C. 1241(b)(1)).

(e) WAIVER.—The President may waive the provisions of this section with respect to a country to the extent the President determines that it is important to the national interest to do so. Any such waiver shall be reported to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate.

(f) DEFINITION OF UNITED STATES GOODS.—For purposes of this section, the term "United States goods" means goods and commodities grown, produced, or manufactured in the United States (including agricultural commodities).

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Chapter 5—INTERNATIONAL MILITARY EDUCATION AND TRAINING

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[**Sec. 542. Authorization.**—There are authorized to be appropriated to the President to carry out the purposes of this chapter $56,221,000 for the fiscal year 1986 and $56,221,000 for the fiscal year 1987.]

Sec. 542. Authorization of Appropriations.*—There are authorized to be appropriated to the President to carry out the purposes of this chapter $56,000,000 for fiscal year 1988.*

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Chapter 6—PEACEKEEPING OPERATIONS

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Sec. 552. Authorization of Appropriations.—[(a) There are authorized to be appropriated to the President to carry out the purposes of this chapter, in addition to amounts otherwise available for such purposes, $37,000,000 for the fiscal year 1986 and

$37,000,000 for the fiscal year 1987.] *(a) There are authorized to be appropriated to the President to carry out the purposes of this chapter, in addition to amounts otherwise available for such purposes, $31,689,000 for fiscal year 1988.*

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Chapter 8—ANTITERRORISM ASSISTANCE

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Sec. 575. Authorizations of Appropriations.—[(a) There are authorized to be appropriated to the President to carry out this chapter $9,840,000 for the fiscal year 1986 and $14,680,000 for the fiscal year 1987.] *(a) There are authorized to be appropriated to the President to carry out the purposes of this chapter $9,840,000 for the fiscal year 1988.*

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PART III

Chapter 1—GENERAL PROVISIONS

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Sec. 620. Prohibitions Against Furnishing Assistance.—(a)(1) * * *

* * * * * * *

(f)(1) No assistance shall be furnished under this Act, as amended, (except section 214(b)) to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (A) such assistance is vital to the security of the United States; (B) the recipient country is not controlled by the international Communist conspiracy; and (C) such assistance will further promote the independence of the recipient country from international communism. For the purposes of this subsection, the phrase "Communist country" includes specifically, but is not limited to, the following countries:

Czechoslovak Socialist Republic.
Democratic People's Republic of Korea.
Democratic Republic of Afghanistan.
Estonia.
German Democratic Repubic.
Hungarian People's Republic.
Lao's People's Democratic Republic.
Latvia.
Lithuania.
Mongolian People's Republic.
People's Republic of Albania.
People's Republic of Bulgaria.
People's Republic of Cambodia.
People's Republic of China.
Polish Peoples Republic.
Republic of Cuba.
Socialist Federal Republic of Yugoslavia.

Socialist Republic of Romania.
Socialist Republic of Vietnam.
Tibet.
Union of Soviet Socialist Republics (including its captive constituents republics.)

(2) Notwithstanding the provisions of paragraph (1) of this subsection, the President may remove a country, for such period as the President determines, from the application of this subsection, and other provisions which reference this subsection, if the President determines and reports to the Congress that such action is important to the national interest of the United States. *Each determination made by the President under the preceding sentence shall be applicable for a period of not more than 12 months at a time.* It is the sense of the Congress that when consideration is given to authorizing assistance to a country removed from the application of this subsection, one of the factors to be weighed, among others, is whether the country in question is giving evidence of fostering the establishment of a genuinely democratic system, with respect for internationally recognized human rights.

* * * * * * *

(s) **[**(1)**]** In order to restrain arms races and proliferation of sophisticated weapons, and to ensure that resources intended for economic development are not diverted to military purposes, the President shall take into account before furnishing development loans, Alliance loans or supporting assistance to any country under this Act, and before making sales under the Agricultural Trade Development and Assistance Act of 1954, as amended:

[(A)**]** (*1*) the percentage of the recipient or purchasing country's budget which is devoted to military purposes; and

[(B)**]** (*2*) the degree to which the recipient or purchasing country is using its foreign exchange or other resources to acquire military equipment.

[(C) * * * [Repealed—1981]**]**

[(2) The President shall report annually to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate his actions in carrying out this provision.**]**

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Sec. 620C. United States Policy Regarding the Eastern Mediterranean.—(a) * * *

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(c)(*1*) Because progress toward a Cyprus settlement is a high priority of United States policy in the Eastern Mediterranean, the President and the Congress shall continually review that progress and shall determine United States policy in the region accordingly. To facilitate such a review the President shall, within 60 days after the date of enactment of this section and at the end of each succeeding 60-day period, transmit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report on progress made toward the conclusion of a negotiated solution of the Cyprus problem. Such transmissions shall include any relevant reports prepared by the Secretary General of the United Nations for the Security Council.

(2)(A) Each report required to be transmitted by paragraph (1) shall also—

(i) specify the number of members of the Turkish armed forces who were on Cyprus during the preceding sixty days; and

(ii) describe any defense articles of United States origin (as defined in subsection (e)(3)(A)) which were on Cyprus at any time during the preceding sixty days, specifying (to the extent such information can be obtained) when those articles were transferred to Cyprus and when those articles were made available to Turkey by the United States.

(B) The information required to be transmitted by clauses (i) and (ii) of subparagraph (A) shall be included in a classified addendum to such report if necessary.

* * * * * * *

(e)(1) Except as provided in paragraph (2), selected defense articles of United States origin may not be transferred to or used on Cyprus by Turkey. This subsection applies with respect to all selected defense articles of United States origin which are made available to Turkey after the date of enactment of this subsection.

(2) Paragraph (1) shall not apply to the extent that the President certifies to the Congress—

(A) that there has been an armed attack against one or more parties to the North Atlantic Treaty, or there are circumstances clearly indicating that such an armed attack is imminent; and

(B) that the President has approved the transfer to and use on Cyprus by Turkey of selected defense articles of United States origin upon his determination that such approval is necessary to enable Turkey to carry out its obligation to respond to that attack pursuant to Article 5 of the North Atlantic Treaty.

(3) As used in this subsection—

(A) the term "selected defense article of United States origin" means any article in Category VI (Vessels of War and Special Naval Equipment), Category VII (Tanks and Military Vehicles), or Category VIII (Aircraft, Spacecraft, and Associated Equipment) on the United States Munitions List (established pursuant to section 38 of the Arms Export Control Act) made available to Turkey pursuant to this Act, the Arms Export Control Act, or chapter 138 (relating to NATO mutual support) or section 7307 (relating to disposal of naval vessels) of title 10 of the United Stated Code; and includes articles made available by grant, sale, lease or loan, licensed export, third country transfer, licensed production, or other means under those laws; and

(B) the term "transferred to or used on Cyprus" includes use in providing transportation to or from Cyprus.

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Sec. 620E. Assistance to Pakistan.—(a) * * *

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(d)(*1*) The President may waive the prohibitions of section 669 of this Act at any time during the period beginning on the date of enactment of this section and ending on September 30, **[**1987**]** *1989*, to provide assistance to Pakistan during that period if he determines that to do so is in the national interest of the United States.

(2)(A) Any waiver for Pakistan under this subsection shall cease to be effective if the President certifies to the Congress that India has formally accepted the application of appropriate, verifiable, and reliable safeguards to all its nuclear materials.

(B) If such certification is made with respect to India and the President certifies to the Congress (at the same time or subsequently) that Pakistan has also formally accepted the application of appropriate, verifiable, and reliable safeguards to all its nuclear materials, such acceptance shall be deemed to constitute reliable assurances, for purposes of section 669(b)(1)(B) of this Act, that Pakistan will not acquire or develop nuclear weapons or assist other nations in doing so.

(e) No assistance shall be furnished to Pakistan and no military equipment or technology shall be sold or transferred to Pakistan, pursuant to the authorities contained in this Act or any other Act, unless the President shall have certified in writing to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate, during the fiscal year in which assistance is to be furnished or military equipment or technology is to be sold or transferred, that Pakistan does not possess a nuclear explosive [device and] *device* that the proposed United States assistance program will reduce significantly the risk that Pakistan will possess a nuclear explosive device, *and that Pakistan is taking responsible steps to reduce nuclear tensions on the Asian Subcontinent.*

(f) It is the policy of the United States to support—

(1) the holding of free and fair elections in Pakistan open to the participation of all political parties and all adult Pakistanis, in accordance with the provisions of the 1973 Pakistan Constitution;

(2) the restoration of full civil and political liberties for all Pakistanis including freedom of speech, freedom of the press, the right to assemble peaceably, and freedom from arbitrary arrest and imprisonment; and

(3) freedom for all Pakistanis to practice the religion of their choosing.

Chapter 2—ADMINISTRATIVE PROVISIONS

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Sec. 624. Statutory Officers.—(a)*(1)* The President may appoint, by and with the advice and consent of the Senate, twelve officers in the agency primarily responsible for administering part I, * * * [Repealed—1964]

(2) No appointment pursuant to paragraph (1) may be made, on or after the date of enactment of this Act, to a position of Assistant Administrator of the agency primarily responsible for administering part I unless the appointee has been nominated for a specific position and the Senate has given its advice and consent to the appointment to that same position.

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Sec. 634. Annual Report.—(a) * * *

Sec. 634A. Notification of Program Changes.—(a) * * *

*   *   *   *   *   *   *

(b) * * *

(1) of funds to be used for an activity, program, or project under chapter 1 of part I if the amounts to be obligated for that activity, program, or project for that fiscal year do not exceed by more than 10 percent the amount justified to the Congress for that activity, program, or project for that fiscal year; **[**or**]**

(2) of less than $25,000 to be used under chapter 8 of part I, or under chapter 5 of part II, for a country for which a program under that chapter for that fiscal year was justified to the Congress**[**.**]***; or*

(3) of funds to carry out section 472 (relating to Africa famine recovery and development).

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Sec. 636. Provisions on Uses of Funds.—(a) * * *

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(c) Notwithstanding any other law, not to exceed **[**$3,000,000**]** *$5,000,000* of the funds available for assistance under this Act may be used in any fiscal year (in addition to funds available for such use under other authorities in this Act) to construct or otherwise acquire outside the United States (1) essential living quarters, office space, and necessary supporting facilities for use of personnel carrying out activities authorized by this Act, and (2) schools (including dormitories and boarding facilities) and hospials for use of personnel carrying out activities authorized by this Act, United States Government personnel, and their dependents. In addition, funds made available for assistance under this Act may be used, notwithstanding any other law, to equip, staff, operate, and maintain such schools and hospitals.

(d) Not to exceed **[**$2,500,000**]** *$5,000,000* of funds available for assistance under this Act may be used in any fiscal year to provide assistance, on such terms and conditions as are deemed appropriate, to schools established, or to be established, outside the United States whenever it is determined that such action would be more economical or would best serve the interests of the United States in providing for the education of dependents of personnel carrying out activities authorized by this Act and dependents of United States Government personnel, in lieu of acquisition or construction pursuant to subsection (c) of this section.

*   *   *   *   *   *   *

Sec. 640D. Evaluation of Contract Proposals.*—In contracting for educational services at the college or university level, the agency primarily responsible for administering part I shall evaluate all proposals received from competent contractors on the basis of total cost to the United States Government and responsiveness to students' educational needs. No requirement shall be imposed that contracts or institutions waive tuition or other specified fees if the contract proposal is otherwise cost competitive.*

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Chapter 3— MISCELLANEOUS PROVISIONS

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Sec. 660. Prohibiting Police Training.—(a) * * *

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(d) Notwithstanding the prohibition contained in subsection (a), assistance may be provided to Honduras or El Salvador [for fiscal years 1986 and 1987] *for fiscal years 1986, 1987, and 1988* if, at least 30 days before providing assistance, the President notifies the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate, in accordance with the procedures applicable to reprogramming notifications pursuant to section 634A of this Act, that he has determined that the government of the recipient country has made significant progress, during the preceding six months, in eliminating any human rights violations including torture, incommunicado detention, detention of persons solely for the non-violent expression of their political views, or prolonged detention without trial. Any such notification shall include a full description of the assistance which is proposed to be provided and of the purposes to which it is to be directed.

Sec. 661. Trade and Development Program.—(a) * * *

[(b) There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, $20,000,000 for the fiscal year 1986 and $20,000,000 for the fiscal year 1987.]

(b) There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, $20,000,000 for fiscal year 1988. Amounts appropriated under this subsection are authorized to remain available until expended.

* * * * * * *

Sec. 667. Operating Expenses.—(a) * * *

[(1) $387,000,000 for the fiscal year 1986 and $387,000,000 for the fiscal year 1987 for necessary operating expenses of the agency primarily responsible for administering part I of this Act, of which $21,750,000 for the fiscal year 1987 is authorized for the necessary operating expenses of the Office of the Inspector General of the Agency for International Development and the remaining amount for the fiscal year is authorized for other necessary operating expenses of that agency and]

(1) $340,600,000 for fiscal year 1988 for necessary operating expenses of the agency primarily responsible for administering part I of this Act; and

* * * * * * *

(c)(1) Amounts authorized to be appropriated to carry out the purposes of chapter 1 and chapter 7 of part I and chapter 4 of part II of this Act for fiscal year 1988 may be made available to carry out the purposes of this section and section 668.

(2) Out of funds made available pursuant to subsection (a) or paragraph (1) of this subsection, the Administrator of the agency primarily responsible for administering part I shall make available to the Inspector General of such agency during fiscal year 1988 such

funds as the Inspector General may request for payment of expenses described in section 668(a)(1) but not more than—

(A) 10 percent of the amount authorized to be appropriated by such section for such fiscal year; or

(B) the amount of the limitation in paragraph (3).

(3) The aggregate amount of funds made available for purposes of this section and section 668 during fiscal year 1988 may not exceed the total amount of funds made available for purposes of this section during fiscal year 1987, except that amounts used to cover the costs of converting to the mandatory Federal Employees Retirement System shall be excluded from the computation under this paragraph.

[**Sec. 668 Report on Korea.**—* * * [Repealed—1981]]

Sec. 668. Operating Expenses, Office of the Inspector General.*—(a) There are authorized to be appropriated to the President, in addition to funds otherwise available for such purposes—*

(1) $21,000,000 for fiscal year 1988 for necessary operating expenses of the Office of the Inspector General of the agency primarily responsible for administering part I; and

(2) such amounts as may be necessary for increases in salary, pay, retirement, and other employee benefits authorized by law, and for other nondiscretionary costs of such office.

(b) Amounts appropriated under this section are authorized to remain available until expended.

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Foreign Assistance Act of 1969, as amended

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Sec. 401. Inter-American Foundation.—(a) * * *

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(s)(1) * * *

(2) [There are authorized to be appropriated $11,969,000 for fiscal year 1986 and $11,969,000 for the fiscal year 1987 to carry out the purposes of this section.] *There are authorized to be appropriated $11,800,000 for fiscal year 1988 to carry out the purposes of this section.* Amounts appropriated under this paragraph are authorized to remain available unit expended.

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Foreign Relations Authorization Act, Fiscal Years 1986 and 1987

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[SEC. 814. UNITED STATES INTERNATIONAL NARCOTICS CONTROL COMMISSION.

[(a) Establishment.—There is established the United States International Narcotics Control Commission (hereafter in this section referred to as the "Commission").

[(b) Duties.—The Commission is authorized and directed—

[(1) to monitor and promote international compliance with narcotics control treaties, including eradication and other relevant issues; and

[(2) to monitor and encourage United States Government and private programs seeking to expand international cooperation against drug abuse and narcotics trafficking.

[(c) MEMBERSHIP.—(1) The Commission shall be composed of 12 members as follows:

[(A) 7 Members of the Senate appointed by the President of the Senate, 4 of whom (including the member designated as Chairman) shall be selected from the majority party of the Senate, after consultation with the majority leader, and 3 of whom (including the member designated as Cochairman) shall be selected from the minority party of the Senate, after consultation with the minority leader.

[(B) 5 members of the public to be appointed by the President after consultation with the members of the appropriate congressional committees.

[(2) There shall be a Chairman and a Cochairman of the Commission.

[(d) POWERS.—In carrying out this section, the Commission may require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents as it deems necessary. Subpoenas may be issued over the signature of the Chairman of the Commission or any member designated by him, and may be served by any person designated by the Chairman or such member. The Chairman of the Commission, or any member designated by him, may administer oaths to any witness.

[(e) REPORT BY PRESIDENT TO COMMISSION.—In order to assist the Commission in carrying out its duties, the President shall submit to the Commission a copy of the report required by section 481(e) of the Foreign Assistance Act of 1961 (22 U.S.C. 2991(e)).

[(f) REPORT TO SENATE.—The Commission is authorized and directed to report to the Senate with respect to the matters covered by this section on a periodic basis and to provide information to Members of the Senate as requested. For each fiscal year for which an appropriation is made the Commission shall submit to the Congress a report on its expenditures under such appropriation.

[(g) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated to the Commission $325,000 for each fiscal year, to remain available until expended, to assist in meeting the expenses of the Commission for the purpose of carrying out the provisions of this section.

[(2) For purposes of section 502(b) of the Mutual Security Act of 1954 (22 U.S.C. 1754(b)), the Commission shall be deemed to be a standard committee of the Senate and shall be entitled to the use of funds in accordance with such section.

[(h) STAFF.—The Commission may appoint and fix the pay of such staff personnel as it deems desirable, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

[(i) TERMINATION.—The Commission shall cease to exist on September 30, 1987.]

SEC. 814. SENATE CAUCUS ON INTERNATIONAL NARCOTICS CONTROL.

(a) ESTABLISHMENT.—There is established the Senate Caucus on International Narcotics Control (hereafter in this section referred to as the "Caucus").

(b) DUTIES.—The Caucus is authorized and directed—

(1) to monitor and promote international compliance with Narcotics Control Agreements and Treaties, including those relating to eradication, mutual legal assistance and other relevant issues; and

(2) to monitor and encourage United States Government and private programs seeking to expand international cooperation against narcotics trafficking and drug abuse.

(c) MEMBERSHIP.—(1) The Caucus shall be composed of seven Members of the Senate, four of whom (including the Member designated as Chairman) shall be selected from the majority party of the Senate, after consultation with the Majority Leader, and three of whom (including the Member designated as Cochairman) shall be selected from the minority party of the Senate, after consultation with the Minority Leader.

(2) The Chairman, in consultation with the Cochairman, shall have the authority to appoint five members of the public to serve as advisors to the Caucus. Advisors should be recognized experts and leaders in the area of international narcotics control, and should be selected without regard to political affiliation.

(3) There shall be a Chairman and Cochairman of the Caucus.

(d) POWERS.—In carrying out this section, the Caucus may require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memorandums, papers, and documents as it deems necessary. Subpoenas may be issued over the signature of the Chairman of the Caucus or any member designated by him, and may be served by any person designated by the Chairman or such member. The Chairman of the Caucus, or any member designated by him, may administer oaths to any witness.

(e) REPORT BY PRESIDENT TO CAUCUS.—In order ot assist the Caucus in carrying out its duties, the President shall submit to the Caucus a copy of the report required by section 481(e) of the Foreign Assistance Act of 1961 (22 U.S.C. 2291(e)).

(f) REPORT TO SENATE.—The Caucus is authorized and directed to report to the Senate with respect to the matters covered by this section on a periodic basis and to provide information to Members of the Senate as requested. For each fiscal year for which an appropriation is made the Caucus shall submit to the Congress a report on its expenditures under such appropriation.

(g) AUTHORIZATION OF APPROPRIATIONS.—

(1) There are authorized to be appropriated to the Caucus $325,000 to fiscal year 1988, to remain available until expended.

(2) For purposes of section 502(b) of the Mutual Security Act of 1954 (22 U.S.C. 1754(b)), the Caucus shall be deemed to be a standing committee of the Senate and shall be entitled to the use of funds in accordance with such section.

(h) STAFF.—The Caucus may appoint and fix the pay of such staff personnel as it deems desirable, without regard to the provisions of

title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and general schedule pay rates.

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The Peace Corps Act, as amended

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Section 1. * * *

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Sec. 3. (a) * * *

(b) [There are authorized to be appropriated to carry out the purposes of this Act $130,000,000 for the fiscal year 1986 and $137,200,000 for the fiscal year 1987.] *There are authorized to be appropriated to carry out the purposes of this Act $130,000,000 for fiscal year 1986, $137,200,000 for fiscal year 1987, and $146,200,000 for fiscal year 1988.*

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Sec. 10. (a) * * *

(1) * * *

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(4)*(A) under guidelines prescribed by the President, develop the commitment of private resources, through contacts with the private sector, for uses in furtherance of the purposes of this Act, and (B)* accept in the name of the Peace Corps and employ or transfer in furtherance of the purposes of this Act [(A)] *(i)* voluntary services notwithstanding the provisions of 31 U.S.C. 665(b), and [(B)] *(ii)* any money or property (real, personal or mixed, tangible or intangible) received by gift, devise, bequest, or otherwise; and

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ACTIVITIES PROMOTING AMERICANS' UNDERSTANDING OF OTHER PEOPLES

Sec. 18. In order to further the goal of the Peace Corps, as set forth in section 2 of this Act, relating to the promotion of a better understanding of other peoples on the part of the American people, the Director, utilizing the authorities under section 10(a)(1) and other provisions of law, shall, as appropriate, encourage, facilitate, and assist activities carried out by former volunteers in furtherance of such goal and the efforts of agencies, organizations, and other individuals to support or assist in former volunteers' carrying out such activities.

TITLE V—AFRICAN DEVELOPMENT FOUNDATION

Sec. 501. * * *

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Sec. 510. There are authorized to be appropriated to carry out this title, in addition to amounts otherwise available for that purpose, [$3,872,000 for fiscal year 1986 and $3,872,000 for fiscal year 1987.] *$6,500,000 for fiscal year 1988.* Funds appropriated under this section are authorized to remain available until expended.

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Sec. 15. (a) * * *

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(d) * * *

(1) * * *

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(4) purchase and hire of passenger motor vehicles: *Provided,* That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles for administrative purposes abroad may be purchased for replacement only, and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles, and the cost, including exchange allowance, of each such replacement shall not exceed [$2,500] *the applicable cost limitation described in section 636(a)(5) of the Foreign Assistance Act of 1961 (22 U.S.C. 2396(a)(5))* in the case of an automobile for any Peace Corps country representative appointed under section 7(c): *Provided further, That the provisions of section 1343 of title 31, United States Code, shall not apply to the purchase of vehicles for the transportation, maintenance, or direct support of volunteers overseas: Provided further,* That passenger motor vehicles may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act;

* * * * * * *

(e) Technical publications produced by the Peace Corps may, in furtherance of the purposes of this Act, be sold at a price not exceeding the costs of reproduction and, notwithstanding section 3302(b) of title 31, United States Code, the proceeds from such sales may be credited to a currently applicable appropriations account of the Peace Corps.

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Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480)

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Sec. 101. (a) * * *

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Sec. 106. (a)(1) * * *

* * * * * * *

(b)(1) * * *

(2) Greatest emphasis shall be placed on the use of such proceeds to carry out programs of agricultural development, rural development, nutrition, and population planning, and to carry out the program described in section 406(a)(1) of this Act, in those countries which are undertaking self-help measures to increase agricultural production, improve storage, transportation, and distribution of

commodities, and reduce population growth in accordance with section 109 of this Act, and which programs are directed at and likely to achieve the policy objectives of sections 103 and 104 of the Foreign Assistance Act of 1961 *or, in the case of sub-Saharan Africa, paragraphs (1) through (3) of section 472(h) of that Act,* and are consistent with the policy objectives of this Act, pursuant to agreements between the United States and foreign governments under which uses of such proceeds shall be made for such purposes.

* * * * * * *

Sec. 206. Except to meet famine or other urgent or extraordinary relief requirements, no assistance under this subchapter shall be provided under an agreement permitting generation of foreign currency proceeds unless (1) the country receiving the assistance is undertaking self-help measures in accordance with section 1709 of this title, (2) the specific uses to which the foreign currencies are to be put are set forth in a written agreement between the United States and the recipient country, and (3) such agreement provides that the currencies will be used for (A) alleviating the causes of the need for the assistance in accordance with the purposes and policies specified in section 2151a of title 22 *(or in the case of sub-Saharan Africa, paragraph (1) of section 472(h) of that Act),* (B) programs and projects to increase the effectiveness of food distribution and increase the availability of food commodities provided under this subchapter to the neediest individuals in recipient countries. The President shall include information on currencies used in accordance with this section in the reports required under section 1736b of this title and section 2417 of title 22, or (C) health programs and projects, including the immunization of children.

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Sec. 301. (a) * * *

(b) The overall goal of assistance under this title shall be to increase the access of the poor in the recipient country to a growing and improving food suply through activities designed to improve the production, protection, and utilization of food, and to increase the well-being of the poor in the rural sector of the recipient country. Assistance under this title shall be used for programs of agricultural development rural development, nutrition, health services (including immunization of children)[96] and population planning, and the program described in section 406(a)(1) of this Act, in those countries which are undertaking (or are seriously prepared to undertake in connection with the provision of agricultural commodities under this Act) self-help measures to increase agricultural production, improve storage, transportation, and distribution of commodities and reduce propulation growth in accordance with section 109 of this Act, when such programs are directed at and likely to achieve the policy objectives of sections 103 and 104 of the Foreign Assistance Act of 1961 *or, in the case of sub-Saharan Africa, paragraphs (1) through (3) section 472(h) of that Act,* and are consistant with the policy objectives of this Act. Particular emphasis should be placed on activities which effectively assist small farmers, tenants, sharecroppers, and landless agricultural laborers, by expanding their access to the rural economy through services and institutions at the local level, and otherwise providing opportunities for the poor who are dependent upon agriculture and agriculturally related activities to better their lives through their own efforts.

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Sec 303. (a) * * *

(b) The multiyear utilization proposal for a Food for Development Program shall include, but not be limited to, a statement of how assistance under such Program will be integrated into and complement that country's overall development plans and other forms of bilateral and multilateral development assistance, including assistance made available under section 103 of the Foreign Assistance Act of 1961 *(or in the case of sub-Saharan Africa, paragraph (1) of section 472(h) of that Act)* or under any other title of this Act.

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International Security and Development Cooperation Act of 1981

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Sec. 726. (a) * * *

(b) * * *

(1) * * *

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(5) the Congress hereby determines that the Government of Chile has not taken steps to adopt and implement laws that extend internationally recognized workers' rights (as defined in section 502(a)(4) of the Trade Act of 1974) to workers in Chile and, therefore, pursuant to section 231A(a)(1) of the Foreign Assistance Act of 1961, the Overseas Private Investment Corporation may not insure, reinsure, guarantee or finance any project to be under taken in Chile during fiscal year 1988; and

(6) the United States executive director of each relevant multilateral development bank shall vote against any loan or other financial or technical assistance for Chile which is not directed specifically to programs which serve the basic human needs of the citizens of that country and shall use their best efforts to persuade other executive directors of each respective bank to vote against such loans or assistance to Chile during fiscal year 1988;

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International Security and Development Cooperation Act of 1985

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SEC. 904. ASSISTANCE FOR AFGHANISTAN.

(a) AUTHORIZATION.—The President may make available funds authorized to be appropriated to carry out *chapter 1 of part I (relating to development assistance) and* chapter 4 of part II of the Foreign Assistance Act of 1961 (relating to the economic support fund) for the provision of food, medicine, or other humanitarian assistance of the Afghan people, notwithstanding any other provision of law.

(b) EARMARKING OF FUNDS.—Each year, not less than $15,000,000 of the aggregate amount of funds available to carry out *chapter 1 of part I and* chapter 4 of part II of the Foreign Assistance Act of 1961 shall be available only for humanitarian assistance to the Afghan people pursuant to subsection (a) of this section.

* * * * * * *

Bretton Woods Agreements Act, as amended

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Sec. 33. (a) * * *

* * * * * * *

(d) The Secretary of the Treasury shall instruct the United States Executive Director of the Bank and the International Development Association (hereafter in this subsection referred to as the "Association") to work with other executive directors of the Bank and the Association (as the case may be)—

(1) to ensure that the overall lending programs of such institutions reflect clear and tangible concern for human welfare;

(2) to require a new report within these institutions which specifically addresses concerns raised about the impact of structural adjustment lending on the poor in developing countries, including—

(A) specific information on the likely effects, both negative and positive, of any structural adjustment lending on the poorest segments of the populations of recipient countries,

(B) how the Structural Adjustment Lending Program has been coordinated with the Bank's and the Association's total country lending program, and

(C) steps taken or proposed to be taken by the Bank, the Association, and by recipient governments to mitigate any short term or long term negative effects of such structural adjustment lending on the poorest segments of the population; and

(3) to request that the management of the Bank and the Association prepare and transmit such report to its members not later than June 30, 1988.

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Asian Development Bank, as amended

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Sec. 29. (a) The United States Governor of the Bank is authorized to contribute on behalf of the United States $584,280,000 to the Asian Development Fund, a special fund of the Bank, except that any commitment to make such contributions shall be made subject to obtaining the necessary appropriations.

(b) In order to pay for the United States contribution provided for in subsection (a), there are authorized to be appropriated, without fiscal year limitation, $584,280,000, for payment by the Secretary of

the Treasury, except that of such amount not more than $91,000,000 may be appropriated pursuant to this subsection for fiscal year 1988.

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African Development Bank Act

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UNITED STATES SUBSCRIPTION

Sec. 1343. (a) The United States Governor of the Bank is authorized to agree to subscribe on behalf of the United States to 59,648 shares of the capital stock of the Bank, except that the subscription shall be effective only to such extent or in such amounts as are provided in advance in appropriations Acts.

(b) In order to pay for the United States subscription authorized in subsection (a), there are authorized to be appropriated, without fiscal year limitation, $719,563,648, for payment by the Secretary of the Treasury, except that of such amount not more than $9,000,000 may be appropriated pursuant to this subsection for fiscal year 1988 to provide paid-in capital to the Bank.

* * * * * * *

Inter-American Development Bank Act, as amended

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Sec. 32. The United States Governor of the Inter-American Development Bank is hereby authorized to agree to, and to accept, the amendments to the Articles of Agreement in the proposed resolution entitled "Merger of Inter-regional and Ordinary Capital Resources".

* * * * * * *

International Development Association Act, as amended

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Sec. 20. (a) The United States Governor of the Association is hereby authorized to agree on behalf of the United States to pay to the Association $2,875,000,000 to the eighth replenishment of the resources of the Association, except that any commitment to make such contributions shall be made subject to obtaining the necessary appropriations.

(b) In order to pay for the United States contribution provided for in subsection (a), there are authorized to be appropriated, without fiscal year limitation, $2,875,000,000 for payment by the Secretary of the Treasury, except that of such amount not more than $600,000,000 may be appropriated pursuant to this subsection for fiscal year 1988.

ADDITIONAL VIEWS OF SENATORS PELL, BIDEN, SARBANES, CRANSTON, SIMON, SANFORD, ADAMS, AND MOYNIHAN ON ASSISTANCE TO PAKISTAN

In its consideration of aid to Pakistan, the committee deleted a carefully crafted provision of the chairman's bill that would have conditioned a part of Pakistan's military assistance on that country's willingness to abide by its commitments on nuclear nonproliferation. We believe the committee vote sends the wrong signal to Pakistan and India on nuclear proliferation.

Since at least the early 1970's both India and Pakistan have been actively seeking a nuclear weapons capability. In 1974, India detonated a nuclear explosive device but then made a decision not to build weapons. Pakistan's program, while not as advanced as India's, is an ongoing one. In 1979, under the provision of U.S. law (the Symington Amendment) Pakistan's nuclear activities triggered a termination of United States assistance.

In 1981, the Reagan administration prosposed and the Congress enacted a resumed assistance program for Pakistan. One stated objective of the 6-year $3.2 billion program was to deter Pakistan from acquiring nuclear weapons by meeting its legitimate defense needs with U.S.-supplied sophisticated conventional weapons. In December 1982, Pakistani leader General Zia ul-Haq pledged that "Pakistan has neither the means nor indeed any desire to manufacture a nuclear device."[1] Following a 1984 letter from President Reagan warning Pakistan not to enrich uranium above 5 percent in its unsafeguarded Kahuta plant, Pakistan leaders promised that they would not produce weapon-grade nuclear material and apparently also agreed they would not enrich uranium above the 5-percent level.

In spite of Pakistani assurances, the administration policy has not worked. Pakistan continues to acquire the material and technology to build nuclear weapons. Some of its technology acquisitions, which have been largely covert, have occurred in the United States. For example, in 1984 a Pakistani national was arrested in Houston for trying to export krytons—used in the trigger mechanism of a nuclear device—to Pakistan's Atomic Energy Commission.

More recently, Pakistani leaders have suggested their nuclear program is quite far advanced. In a London Sunday Observer interview published March 15, Dr. A.Q. Khan, head of Pakistan's uranium enrichment program, declared that Pakistan already has the bomb. In a March 30 Time interview, President Zia declared, "Pakistan has the capability of building the bomb. You can write today that Pakistan can build a bomb whenever it wishes." Newspaper reports suggest that Pakistan has been enriching uranium above 90 percent, that is to weapon-grade level.

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[1] Speech to the Foreign Policy Association in New York, December 9, 1982.

In light of this history, we felt it imperative that Congress send Pakistan a signal that flouting nonproliferation commitments to the United States will not be tolerated. We recognize, however, that the United States has a multiplicity of interests in its relationship with Pakistan—including foremost, assisting Pakistan resist pressures from Soviet-occupied Afghanistan—and therefore we were reluctant to undertake an action that might jeopardize the entire United States-Pakistan relationship.

The deleted committee proposal would have fenced $100,000,000 of Pakistan's military assistance as well as the sale of certain new sophisticated weapons systems subject to a Presidential certification on Pakistan's nuclear program. The deleted provision would have provided unconditionally $190,000,000 in military assistance and up to $335,000,000 in economic assistance. Pakistan's failure to meet the conditions of the certification would have entailed some cost—one-third of projected FMS and denied access to certain new weapons systems—but would not have affected some 80 percent of the proposed assistance program.

For Pakistan to obtain the fenced assistance and weapons systems pursuant to our proposal, the President would have to certify that:

(1) Pakistan has provided reliable asurances that it will not produce weapon-grade nuclear material; and

(2) Pakistan, according to verifiable information, is not actually producing weapon-grade nuclear material.

This certification requires Pakistan to do no more than honor the assurances it has already provided. Given the dangers posed to global peace by the spread of nuclear weapons, we do not think this is too much to ask of a country which is to receive $4.04 billion in U.S. assistance over the next 6 years.

By its vote to delete this modest nonproliferation measure, the committee is, in effect, signaling Pakistan that it may proceed with its nuclear program without fear of any cost in the United States relationship. We think this is the wrong message on nonproliferation. We also think it projects a general weakness of resolve when the administration and the Congress tolerate the blatant violation of a key commitment by an ally.

The committee vote also sends the wrong signal to India. There are many prominent voices in India now urging the Indian Government to reconsider its decision not to build nuclear weapons. Pronouncements by Pakistani leaders, as well as revelations about Pakistan's progress toward building a bomb, play into the hands of India's pronuclear lobby. The perception of a United States willing to supply Pakistan with very sophisticated weapons (which, rightly or wrongly, India sees as a threat to itself) and yet unwilling to hold Pakistan to its nonproliferation commitments contributes to the pressure on the Indian Government to acquire its own nuclear arsenal.

Current U.S. law mandates an automatic cutoff of assistance to the countries of South Asia if they actually construct nuclear weapons. Since we doubt the American people will tolerate United States assistance to a nuclear-armed India or Pakistan, the conse-

South Asia is a regional agreement involving both India and Pakistan.

(2) The Congress declares it to be the policy of the United States:

(i) To develop a close and friendly relationship with Pakistan based on shared long-term security interests;

(ii) To continue to assist Pakistan in meeting the burdens imposed by the presence of more than 2,500,000 Afghan refugees and by the threat from Soviet Troops in neighboring Afghanistan;

(iii) To communicate clearly to Pakistan the grave consequences posed to the United States-Pakistan relationship aby Pakistan's ongoing Nuclear Program;

(iv) To seek a regional solution involving both India and Pakistan to the problem of nuclear proliferation in South Asia.

(b) Extension of the Symington waiver.—Section 620E(d) of the Foreign Assistance Act of 1961, as amended, is amended further by Substituting "September 30, 1989" for "September 30, 1987".

(c) Limitation on military assistance to Pakistan.—No Foreign military sales credits or other military assistance in excess of $190,000,000 shall be available to Pakistan in any fiscal year, no sales of any weapon system more sophisticated or with a significantly greater capability than that currently possesed by Pakistan shall be made to Pakistan, and no sales of any military equipment or technology significantly more sophisticated than that currently possessed by Pakistan shall be made to Pakistan unless and until the President certifies in writing to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate during the year in which assistance is to be provided or sales are to be made that:

(1) Pakistan has provided reliable assurances that it will not produce weapons-grade nuclear material; and

(2) Pakistan is, according to verifiable information available to the United States, not producing any weapons-grade nuclear material.

(d) Consultation with Congress.—Not less than thirty days before making the certification described in subsection (c), the President shall provide, in a suitably classified form, the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives with a complete and detailed assessment of the status of the Pakistan Nuclear Program and shall consult with the committees about the proposed certification.

(e) Limitation on economic assistance.—Not more than $335,000,000 in economic assistance in fiscal year 1988 shall be available to Pakistan.

ADDITIONAL VIEWS OF SENATOR ADAMS

I believe that this bill reflects a realistic response to the pressing needs confronting the international community and our pressing need to contain spending and reduce the Federal deficit. It is precisely because this legislation firmly address those dual demands that I support it.

This notwithstanding, I remain concerned that the bill suggests that we close our eyes, turn out backs and walk blindly away from one of the most pressing issues facing our country and our world: nuclear proliferation. While I joined several of my other colleagues on the committee in supporting the chairman's mark during committee deliberations and in expressing joint additional views to this report on this matter, I want to augment those remarks to reflect all of my concerns.

Specifically, I believe that section 516, dealing with United States policy toward Pakistan, is a wholly inadequate response to nuclear escalation in South Asia. This provision says to Pakistan that the United States is willing to ignore the indisputable fact that they are breaking the pledge which President Zia made to President Reagan—a pledge that Pakistan will not produce weapon-grade material.

The language included in the bill extends the waiver of the Symington amendment for 2 years so that Pakistan can receive unconditioned aid from the United States. In 1984, President Reagan received assurances from President Zia that Pakistan would not enrich uranium in its nuclear facilities to a level higher than 5 percent. Since 90-percent enrichment is needed for weapons production, this assured that Pakistan would not produce weapon-grade material. Reliable reports indicate that Pakistan has not kept this pledge—that it currently possesses all of the components needed to manufacture several atom bombs and has been producing nuclear weapon-grade material at its uranium enrichment plant at Kahuta. Those reports have been confirmed by Pakistan itself: In a March, 1987 interview with Time magazine, President Zia said, "Pakistan has the capability of building the bomb. You can write today that Pakistan can build a bomb whenever it wishes."

Several of my colleagues on the committee seemed to suggest that, despite all the evidence, we should not act. They pointed to the impact restrictions on aid might have on Pakistan's ability to deal with the Soviet threat in Afghanistan. Given the reality of that threat, they argued. we could not affort to weaken Pakistan or run the potential risk of losing their continued cooperation. Certainly I agree that the Soviet threat in Afghanistan is real. But so is the destructive potential of the nuclear arms race in South Asia.

A realistic policy in the area must deal with both threats. This bill doesn't. It sacrifices our long-term nuclear nonproliferation goals in order to respond to an immediate problem. The committee's action suggests that we are caught in an "either-or" dilemma in the region. But that need not be the case. Pakistan can continue to receive our help and assistance in Afghanistan and we can continue to make progress toward halting the dangerous spread of nuclear weapons in South Asia. But to do so, Congress must stand up for both objectives. The committee bill does not do so.

The deliberations by the committee over section 515 failed to acknowledge one fundamental fact about the situation in South Asia: Pakistan's opposition to the Soviets in Afghanistan is not a response to United States requests—it is a result of Pakistan's own self-interest. Pakistan has close ties to both China, which supplies their military, and Saudi Arabia, which is their largest financial supporter. Both nations are strongly opposed to the Soviet presence in Afghanistan and have provided covert funding to the Afghan freedom fighters. In addition, getting the Soviets out of Afghanistan is an emotional issue in northwest Pakistan. The Afghan refugees in Pakistan are members of the Pathan tribe, to which most of the Pakistanis in the northwest below. They are heavily armed. The Government of Pakistan may face an insurrection in their own country if they abandon their cause in Afghanistan. For these reasons, the Pakistan Government has said that it will not abandon the cause in Afghanistan.

But while Pakistan's moltive may be internal, they need external support. Pakistan needs United States assistance to achieve their goals in Afghanistan. This is why I believe that, if pressed, they will accept our nonproliferation objectives.

All of us want to provide Pakistan aid that they badly need to help drive the Soviets from Afghanistan. At the same time, we must make it clear that there will be a price to be paid if they insist on creating a bomb in Islamabad. A bomb in Islamabad will not only do damage to international nonproliferation efforts, but it also will be counterproductive to Pakistan's interests. If Pakistan proceeds with its nuclear program, it can only cause India to accelerate its nuclear program. Pakistan can never win such a race. For both India and Pakistan to commit scarce resources to a South Asian nuclear arms race does not make sense for either nation.

I had intended to offer an amendment during the committee deliberations of this issue. I was persuaded to withhold in an effort to provide maximum support to a compromise position offered by the chairman. That strategy, however, failed when a majority of the committee members rejected what I viewed as a moderate proposal on the grounds that it went too far.

When this bill comes before the Senate, I intend to join with a number of my colleagues in offering an amendment to address this problem. I believe we have an approach which will allow the United States to make it clear to Pakistan that they cannot continue on their present nuclear course while giving them the time they need to change directions.

The United States needs a strong and viable nuclear nonproliferation policy. As a Senator from Washington State, where nuclear weapons fabrication is part of our daily lives, I know the dangers and the legacy of nuclear proliferation.

Our global nuclear nonproliferation policy must have three pillars or it cannot stand the test of time. The United States must act to prevent proliferation; we must negotiate seriously with the Soviet Union to reach meaningful arms control agreements which will limit superpower proliferation; and we must set the right example here at home. This is why I am strongly opposed to any possible attempt to convert civilian nuclear facilities in my own State to defense production. If we are to ask India and Pakistan not to use their civilian nuclear facilities for defense purposes, it seems to me that we must be willing to abide by the same principle.

We must convince our nonnuclear allies around the globe that we mean business when it comes to nuclear proliferation. We have offered a carrot to Pakistan in the past; our offers have been rejected. Over the past 6 years, we have continued to give them aid in spite of their hollow commitment to cooperate on nuclear proliferation. We have now reached a critical crossroad. If we permit Pakistan to continue to produce weapon-grade uranium and to proceed to possession of a nuclear bomb, there will be no turning back: We will have allowed a nuclear arms race to develop in South Asia, just as we trying to end that race between the United States and the Soviet Union.

I deeply regret the action which has been taken by the committee on this issue. I will be working, as this bill moves to the Senate floor, to reserve that decision so that Pakistan knows that a bomb in Islamabad is unacceptable.

ADDITIONAL VIEWS OF SENATOR HELMS

I voted against reporting this foreign aid bill to the Senate, as I have voted against every bill purporting to offer development aid that has come before the committee during my tenure. The direction of the bill is wrong.

In section after section, this bill seeks to disparage longstanding friends and allies of the United States. Turkey is singled out for particularly harsh treatment. Nowhere have we had a more valued ally, and yet this bill demeans that relationship and holds it hostage to our relationship with another valued ally, Greece.

Unreasonable restrictions were imposed by the committee on military aid to Central American democracies. The committee bill's section with regard to Central and South America treats this area of the world with contempt. Aid is prohibited, limited, conditioned, or otherwise restricted in ways not applied in any other region of the world. How odd that we impose the most stringent requirements on those closest to the United States, whose relationship with us should be the most valued.

The committee bill restricts the administration's conduct of foreign policy in precisely those areas of the world most endangered by the threat of attack from without or subversion from within, or both.

I have addressed these issues with other colleagues, and I shall not pursue them further here, except to say that failure to correct these areas would warrant opposition to the committee bill.

Unfortunately, other items only compound the problems with the bill. The committee has embarked upon a new program for aid to the Southern African Development Coordination Conference, the front-line states of Africa. Two of these nations, Angola and Mozambique, are ruled by Marxist-Leninist regimes and for that reason are engaged in a civil war with prodemocratic forces. Yet these Marxist-Leninist countries are eligible for aid from the taxpayers of the United States.

The committee bill does not put sufficient priority either on support for out friends or countering our adversaries.

Additionally, the committee does not put sufficient priority on countering the threat posed to our citizens from the international drug trade, and I have elaborated on this problem in views with Senator Kerry.

Furthermore, I am dismayed that the committee would recommend a resumption of taxpayer-financed aid to the United Nations Fund for Population Activities when that agency continues to participate in the incredibly coercive population program of Communist China, and again I have elaborated on these views with like-minded colleagues.

While the chairman and I agreed on submitting a "freeze" mark to the committee, which was accepted, even that amount is overly generous because of the prevailing budget situation which confronts the committee, the Congress, and, indeed, the entire Nation.

For all of its other flaws, the Chiles budget resolution, S. Con. Res. 49, adopted by the Senate on May 6, recognized the historic excesses in function 150 (foreign affairs), and proposes a reduction of $1 billion in budget authority ($600 million in outlays) below the "freeze" level contained in this authorization bill. I prefer lower foreign aid spending than that adopted by this committee—and, quite frankly, lower than that adopted by the Senate in the budget resolution.

I intend to work with Chairman Pell to ensure that, at a minimum, the Foreign Relations Committee remains within the budget resolution parameters adopted by the Senate, and to make such reductions as may be necessary to reduce the spending in this bill as a part of overall compliance with the budget.

The "freeze" in this bill is, in my judgment, the maximum amount which should be authorized for these programs. We can get by with less—indeed, we could get by with none, as we did for decades in our Nation's history—without endangering our national security.

The following are topics which I address in these views, both with regard to specific aspects of the bill and with regard to more general issues which should be considered.

I. Budget Considerations
II. Illegal Lobbying by the Department of State and AID
III. Correlation of U.S. Aid Recipient and Record of U.N. Voting
IV. Failure To Address Fundamental Economic Problems of Africa; Human Rights Inconsistencies
V. Funding of Israeli Alternatives to the Lavi
VI. U.S. Funding of Jordanian Programs for Israeli-administered Territory in Judea, Samaria, and Gaza
VII. The Role of the Private Sector In Development
VIII. Examination of Premises for the Population Control Program
IX. Soviet and Other Communist Military Assistance to the Third World
X. Surveys of Public Opinion on Foreign Aid
XI. Waste, Fraud, and Abuse in the U.S. Foreign Aid Program

I. BUDGET CONSIDERATIONS

Secretary of State George Shultz stated, during his testimony before the committee on February 24, "We face a serious foreign affairs budget crisis. If left uncorrected, it will directly threaten our ability to exercise coherent and consistent foreign policy leadership in support of our national interests." He went on to say that budget restraint in foreign aid spending would result in "American disengagement and retreat from the world."

Frankly, I could not disagree more with his assessment. There are two fundamental aspects of the Secretary's assertions that are flawed. First, spending on foreign assistance skyrocketed in the early years of the 1980's, through fiscal year 1985. The following table outlines spending from fiscal year 1977 through fiscal year 1986:

OUTLAYS BY FUNCTION AND SUBFUNCTION: FISCAL YEARS 1977–1986

[In millions of dollars]

Function and subfunction	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
150 International affairs:										
151 International development and humanitarian assistance	2,823	2,647	2,910	3,626	4,131	3,772	3,955	4,478	5,409	4,968
152 International security assistance	3,075	3,926	3,655	4,763	5,095	5,416	6,613	7,924	9,391	10,499
153 Conduct of foreign affairs	982	1,128	1,310	1,366	1,346	1,630	1,766	1,882	2,054	2,280
154 Foreign information and exchange activities	386	423	465	534	525	571	602	682	793	907
155 International financial program	–913	–642	–881	2,425	2,007	911	–1,089	910	–1,471	–4,501
Total, 150 international affairs	6,535	7,482	7,459	12,714	13,104	12,300	11,848	15,876	16,176	14,152

Source: Historical tables, Budget of the U.S. Government, fiscal year 1988.

The modest restraint affecting foreign aid spending, which began following the adoption of the Gramm-Rudman-Hollings legislation, has rolled back only a small portion of these dramatic increases. It is most unfortunate that the administration has not shown the same degree of restraint in this area of the budget as it has in some domestic areas. The President's achievements in domestic budget policy have been largely in slowing the rate of growth in spending, not stopping it or reducting it. However, the foreign aid portion of the budget stands out in sharp contrast to all other areas of the budget. No area of the budget has grown as rapidly.

The excessive rhetoric coming from the State Department in 1987 sounds much like Henny Penny's "the sky is falling." Claims have been made that the national security of the United States will be endangered by a failure to adopt the Secretary's recommended budget, a budget which proposes a $1 billion increase, representing a 13.5-percent increase in 1 year.

There are some within the administration who apparently have not yet gotten the word; we are living in a period of budget restraint. Congress has mandated, and the President has signed, the Gramm-Rudman-Hollings legislation requiring a balanced budget by fiscal year 1991. We'll never get there with the profligate recommendations coming from the State Department.

Secondly, even more fundamental than the budget figures, however, is the mistaken assertion, made by the Secretary of State, that spending for foreign aid is, or should be, a primary indicator of U.S. strength and influence in foreign affairs.

If spending tax dollars on an issue were a cure for any problem, we would not have many problems left. However, there is little evidence to suggest that our international situation has been enhanced by the hemorrhage of U.S. tax dollars spent on foreign aid. Indeed, given the counterproductive impact which some of our foreign aid has had, one might make a plausible argument that the U.S. position in the international community is enhanced, rather than weakened, by minimizing the foreign aid we finance.

II. ILLEGAL LOBBYING BY THE DEPARTMENT OF STATE AND AID

I recognize that some officials within the State Department believe deeply in the need for greater foreign aid. However, that belief does not legitimize the taxpayer-financed lobbying effort that has been undertaken. Several reports have noted the concentrated effort being undertaken by the State Department and the Agency for International Development.

For example, a UPI article from the January 12, 1987, edition of the New York Tribune, entitled "Shultz, Staff Make Foreign-Aid Pitch in Concert to Lawmakers and Public" asserted, among other things, that Congress would be the focus of attention, and that groups such as the Councils on World Affairs would be provided background information to "spread the State Department's message."

Another example, a story in the February 1987 issue of National Security Report, published by the Heritage Foundation, said the AID Deputy Administrator Jay Morris had assumed a new office in the State Department to direct such lobbying efforts. The story included the following:

> [T]he AID Information Resources Management Office is said to be preparing computer lists, by congressional district, of U.S. businesses and academic and other institutions that have benefitted from foreign aid programs. The idea is to generate pressure on Members of Congress from constituents who might lose contracts if foreign aid is cut. As part of the effort the AID Office of Legislative Affairs is said to be helping set up a new trade association composed of companies that benefit from foreign aid.

During markup, the representative from the Agency for International Development repeatedly denied these allegations. I have requested information from the State Department in response to these reports, but have not yet received it. However, it appears that officials of the State Department and AID have, in fact, been involved in assisting in a lobbying effort. I am deeply concerned about the propriety and legality of such lobbying efforts by the State Department and AID. If the Department does not dismantle its lobbying effort, I will pursue this matter further through appropriate means.

III. CORRELATION OF U.S. AID RECIPIENTS AND RECORD OF U.N. VOTING

Should there not be some greater consistency by our Government with respect to assessing whether certain countries are "friends" of the United States? One report which makes for interesting reading each year is the assessment of countries' voting records in the United Nations. For the last few years, the State Department has been required to submit an analysis of how these nations vote compared with the votes cast by the United States.

It is intriguing to hear someone refer to a certain country as a "friend" of the United States, and then look to see exactly how often that country has voted with the United States in the United Nations General Assembly. Most times, one soon discovers, the specified country has not been as friendly as it has been portrayed—or, in some cases, as it has portrayed itself to be.

Current law already requires the President to take into account the degree of support provided by various countries when making foreign aid designations. However, what logic can there be to the request made by the Agency for International Development for foreign aid assistance for Benin ($2.9 million), Congo ($680,000), Mozambique ($11.6 million), Algeria ($100,000), or India ($144 million) when these countries did not vote with the United States on any of the 10 most important votes, as designated by the Department of State?

The following table is most illustrative. It outlines the 1986 votes of U.N. member nations on the 10 key votes and all plenary votes and shows the fiscal year 1988 request proposed by the Agency for Intenational Development. It should surely prompt some second thoughts about the priorities of the U.S. foreign aid program. Is it any wonder that the American people do not support having their tax dollars spent on foreign aid?

BY-COUNTRY COMPARISON OF THE 1986 U.N. VOTING RECORD WITH PROPOSED FISCAL YEAR 1988 U.S. ASSISTANCE

[Dollars in thousands]

Country	1986 10 key U.S. votes: agree, disagree, or abstain/absent [1]	1986 plenary votes, percent agreeing with United States [1]	Fiscal year 1988 proposed U.S. assistance [2]
Africa:			
Angola	0–8–2	6.8	0
Benin	0–5–5	9.8	$2,978
Botswana	4–5–1	17.6	19,663
Burkina Faso (Upper Volta)	1–8–1	11.8	7,432
Burundi	4–5–1	14.2	3,265
Cameroon	3–1–6	20.9	26,602
Cape Verde	1–3–6	16.0	2,909
Central African Republic	4–1–5	19.7	6,091
Chad	7–1–2	29.0	21,048
Comoros	3–3–4	17.1	1,531
Congo	0–6–4	12.3	680
Djibouti	4–4–2	15.8	5,135
Equatorial Guinea	3–1–6	23.4	2,407
Ethiopia	1–8–1	11.8	3,389
Gabon	4–2–4	19.4	4,976
Gambia	3–1–6	11.1	6,408
Ghana	4–5–1	16.1	18,216
Guinea	4–2–4	14.9	13,331
Guinea-Bissau	2–3–5	16.2	3,366
Ivory Coast	6–1–3	32.2	399
Kenya	5–5–0	17.2	67,324
Lesotho	3–5–2	17.6	17,602
Liberia	5–1–4	30.1	46,601
Madagascar	1–6–2	10.0	11,449
Malawi	5–3–2	36.8	12,868
Mali	3–3–4	13.1	16,441
Mauritania	3–4–3	16.0	10,272
Mauritius	7–1–3	27.4	2,014
Mozambique	0–5–5	7.2	11,618
Niger	4–1–5	18.2	22,463
Nigeria	3–4–3	14.1	100
Rwanda	4–2–4	17.4	9,986
Sao Tome and Principe	4–2–4	18.2	607
Senegal	4–2–4	18.4	46,007
Seychelles	2–3–5	10.6	3,436
Sierra Leone	5–1–4	17.1	8,939
Somalia	4–4–2	15.3	67,957
Sudan	4–6–0	15.7	89,739
Swaziland	4–3–3	21.7	7,854
Tanzania	2–5–3	12.4	6,576
Togo	5–2–3	21.7	8,077
Uganda	1–5–4	13.6	7,669
Zaire	6–2–2	30.3	62,688
Zambia	3–5–2	13.8	25,089
Zimbabwe	2–5–3	13.0	175
East Asia and Pacific:			
Burma	4–3–3	16.8	21,260
Fiji	6–1–3	35.5	4,078
Indonesia	3–6–1	13.2	81,411
Malaysia	4–5–1	15.8	5,000
Papua New Guinea	5–1–4	20.8	1,349
Philippines	5–2–3	19.0	266,172
Singapore	5–1–4	20.9	50
Solomon Islands	5–4–1	16.5	1,023

BY-COUNTRY COMPARISON OF THE 1986 U.N. VOTING RECORD WITH PROPOSED FISCAL YEAR 1988 U.S. ASSISTANCE—Continued

[Dollars in thousands]

Country	1986 10 key U.S. votes: agree, disagree, or abstain/absent [1]	1986 plenary votes, percent agreeing with United States [1]	Fiscal year 1988 proposed U.S. assistance [2]
Thailand	5-1-4	23.5	92,573
American republics:			
Argentina	4-3-3	16.4	50
Bahamas	4-1-5	23.1	100
Belize	6-0-4	28.3	12,419
Bolivia	4-2-4	18.3	98,436
Brazil	4-2-4	18.5	2,550
Chile	7-1-2	38.3	50
Colombia	7-2-1	32.4	22,800
Costa Rica	8-1-1	42.4	123,484
Dominican Republic	8-1-1	35.7	81,800
Ecuador	6-2-2	28.7	48,081
El Salvador	8-0-2	43.7	439,203
Guatemala	7-1-2	32.2	149,702
Guyana	2-5-3	13.1	4,050
Haiti	5-1-4	19.7	94,366
Honduras	7-1-2	36.4	242,016
Jamaica	5-2-3	24.4	104,833
Mexico	4-2-4	17.6	17,175
Panama	5-2-3	22.5	32,990
Paraguay	5-1-4	26.5	2,511
Peru	5-4-1	18.4	56,454
St. Kitts	8-1-1	38.4	2
St. Lucia	8-0-2	35.4	3
Suriname	3-3-4	17.1	50
Trinidad and Tobago	4-3-3	16.2	50
Uruguay	5-2-3	21.7	1,625
Venezuela	5-2-3	19.0	200
Near East and South Asia:			
Algeria	0-7-3	7.4	100
Bangladesh	4-4-2	18.6	140,695
Egypt	5-1-4	17.3	2,299,204
India	0-6-4	9.5	143,795
Israel	10-0-0	89.9	3,000,000
Jordan	4-4-2	13.3	71,800
Lebanon	2-4-4	16.1	775
Maldives	3-4-3	11.3	30
Morocco	5-4-1	24.5	133,280
Nepal	4-3-3	16.7	17,498
Oman	4-3-3	15.4	25,300
Pakistan	4-5-1	16.4	684,161
Sri Lanka	4-3-3	14.5	36,217
Tunisia	4-3-3	17.4	68,190
Western Samoa	7-1-2	36.5	978
Yemen	1-6-3	7.5	32,065
Europe:			
Austria	6-2-2	48.1	60
Cyprus	2-5-3	13.8	10,000
Finland	3-2-5	46.3	60
Greece	7-2-1	42.7	436,250
Iceland	8-2-0	66.0	40
Ireland	7-2-1	55.1	35,030
Luxembourg	8-0-2	79.2	30
Poland	2-7-1	12.0	0
Portugal	8-0-2	74.3	207,550
Spain	8-1-1	57.8	280,000
Turkey	5-1-4	37.1	914,900

BY-COUNTRY COMPARISON OF THE 1986 U.N. VOTING RECORD WITH PROPOSED FISCAL YEAR 1988 U.S. ASSISTANCE—Continued

[Dollars in thousands]

Country	1986 10 key U.S. votes: agree, disagree, or abstain/absent [1]	1986 plenary votes, percent agreeing with United States [1]	Fiscal year 1988 proposed U.S. assistance [2]
Yugoslavia	4-5-1	13.1	100
Non-U.N. members receiving assistance:			
Cambodian Resistance			3,350
Gaza			543
Kiribati			274
South Africa			15,700
South Korea			2,000
Tonga			639
Tuvalu			127
West Bank			1,022

[1] President's 1987 report on U.N. voting.

[2] A.I.D. fiscal year 1988 congressional presentation.

IV. Failure To Address Fundamental Economic Problems of Africa; Human Rights Inconsistencies

The committee's title V, dealing with Africa, reads more like a verbose novel than serious legislation. So many bows have been made to various special interests, that the bill and report are loaded down with accommodations to each interest's special focus in Africa. This is no way to legislate. It trivializes what is supposed to be a serious undertaking. Perhaps part of the reason that there is so much language is because there is so little substance.

The bill does not propose any real reform; it merely proposes that we state, in greater volume, the congressional desire that we want conditions to improve in Africa. However, conditions are unlikely to improve until Congress deals with the real problems and conditions future aid on meeting certain criteria.

The reason many nations of Africa are in a fiscal chaos it that they have followed failed economic policies. No amount of U.S. economic assistance can compensate for economic policies that are inherently flawed. Most obviously, African governments neglected the agricultural sector and stifled private enterprise. Arbitrarily low prices for farmers established by the government, state marketing monopolies, deliberately overvalued exchange rates—these are the factors contributing to African famine in Ethiopia, Mozambique, and elsewhere. Americans tent to think of famine as caused by drought. That is not the case here. It is the inevitable consequences of fundamentally flawed socialist economic policies. To the extent that U.S. aid goes to such countries, it only serves to prop up unpopular and irresponsible governments. Indeed, determining U.S. support solely on a per capita basis may have perverse consequences.

P.T. Bauer and B.S. Yamey have written, in addressing this issue:

> Aid can relieve immediate shortages. It thereby conceals from the population, at least temporarily, the worst effects

Let me add that our Nation's commitment to human rights should have greater consistency with respect to what expectations we have of nations around the world.

Do we expect free and fair elections? If so, we should expect them uniformly—not only for particular countries.

Do we expect freedom of the press, as we should? If so, let us set forth a standard that all nations should follow.

Do we expect freedom of religion, as we should? If so, let us require that people of diverse religions in every country be given such freedoms?

I have been consistently puzzled by the selective judgment of the committee. In this year's bill, for instance, Kenya, Zaire, Liberia, and Chile are singled out for criticism—the first three still eligible for some U.S. aid. However, no concerns are expressed—and no prohibition on aid is imposed—with regard to other countries with abuses of human rights. No restrictions apply in the bill with regard to Communist China. None with regard to the various Marxist regimes in Africa—Mozambique, Ethiopia, and others. None with regard to Panama. Why?

I continue to believe that human rights should be a high priority of U.S. foreign policy. However, it can only be effective and internationally respected when it is applied evenhandedly.

V. Funding of Israeli Alternative to the Lavi

In 1979, the Government of Israel decided to develop and produce a new fighter aircraft, the Lavi, to meet its country's specific strategic needs. Initially intended as a relatively unsophisticated aircraft, it has since evolved into a much more technically advanced aircraft, often compared to our F-16.

The United States has funded approximately 90 percent of the research and development costs associated with the aircraft. From 1983 through January 31 of this year, this contribution amounted to a total of $1.3 billion.

Initial Israeli plans envisioned the production of at least 300 Lavi aircraft. At the current time, the Lavi is ready for production. The committee bill provides that Israel may spend up to $300 million of its $1.8 FMS in Israel for the Lavi Program.

However, it is not certain at this time whether Israel will decide to proceed with actual production of this aircraft. In anticipation that Israel may, in fact, not produce the Lavi, the committee bill provides that Israel may use this $300 million in Israel for other advanced fighter aircraft of United States design if agreed to by Israel and the United States, or for other advanced weapons systems.

During committee consideration, an amendment was offered to require United States agreement of projects funded in Israel under the "other advanced weapons systems" category. Although this amendment was initially accepted, it was eventually deleted by the committee in the final minutes of committee consideration.

As the committee bill currently stands, then, Israel may use up to $300 million in Israel for weapons systems without the United States having to say on how these funds are used. It is in the interest of neither country to have American tax dollars spent in Israel without United States agreement and cooperation. I am confident that Israel does not seek, and does not want this sole discretion over United States taxpayer's funds which some of Israel's American advocates are seeking.

The United States should not be in the practice of financing foreign competition. Yet should Israel decided to build weapons which compete with United States manufacturers, the committee bill—by deleting the amendment requiring United States agreement—leaves our country legally powerless to stop such expenditures.

It has been suggested by some that the United States needs no role in how our taxpayers' dollars are spent in Israel in as much as "the Israelis better know how to spend money on defense items than does the Pentagon." In fact, these same advocates even suggest that United States input into how its dollars are to be spent would only compromise Israel's security.

I have more faith in our country, and in our military, then those who believe our nations—whether it is Israel or any other country—know better how to spend our taxpayers' dollars than we do ourselves.

Indeed, it is simply bad policy to permit U.S. dollars to be spent in other countries for defense needs without U.S. cooperation and approval—regardless of which country we are talking about. The committee bill should be amdended to provide that all significant expenditures of FMS funds outside of the United States be agreed to by the United States.

Such a provision would assure that the United States interest is not neglected in such expenditures, increase cooperation between our military and that of our allies, and assure that support for military assistance to Israel—or any other ally—is not threatened by expenditures for defense-related products in competition with such products already produced in the United States.

VI. U.S. FUNDING OF JORDANIAN PROGRAMS FOR ISRAELI-ADMINISTERED TERRITORY IN JUDEA, SAMARIA, AND GAZA

Included in the committee bill is a provision—section 208—earmarked $20 million in economic support funds to Jordan for its development program on the so-called West Bank and Gaza. Should this provision be enacted, it would represent the first time Congress has earmarked funds for this purpose, setting a precedent which may well come back to haunt our Nation.

Congress should be concerned by what this provision in its current form says about U.S. policy in the Middle East.

The provision provides United States aid for Jordan to use in the so-called West Bank and Gaza at the same time the State Department prohibits Israel from using its United States assistance in these same districts, areas currently administered by Israel.

The combined effort of these policies signals to the world that the United States deems Jordan's claims to these districts as superior to those of Israel. Indeed, it is tantamount to saying the United States sees Israel's claims to administer these lands as illegitimate.

Such a policy fits squarely with the State Department's scheme of having Israel withdraw from these territories, with an "association with Jordan" established in its place. This idea of "exchanging territories for peace" seems always to resurface from the State Department. When it resurfaced in 1982, the State Department tagged their proposal "the Reagan plan."

However, as history has proven time and time again, there is no piece of paper sufficiently strong to uphold regional arrangements that do not make common sense. Peace results only when there is a practical equilibrium in military force and the natural conditions of geography.

The fact remains that the animosity of Arab countries toward Israel does not spring from concern for the present inhabitants of the West Bank and Gaza. The animosity springs from the fact that Israel itself exists at all. Territorial concessions orchestrated by the State Department would only whet the appetite of animosity, not appease it.

Such concessions should be of special concern to the United States. The surrendering of territory by Israel would fit squarely into the Soviet game plan displacing United States influence in the strategically—and economically—important Middle East.

Israel cannot continue to be a strategic asset to the United States—or even a viable nation—if it is made strategically vulnerable. Without control of the mountain ridges of Judea and Samaria, which overlook 80 percent of Israel's population, and 60 percent of her industrial infrastructure, Israel would be even more vulnerable—as history has shown.

With hostile, or potentially hostile forces posed in this territory, Israel's ability to serve as bulwark and deterrent against Soviet-armed forces in the region would be greatly compromised.

American policy, then, should not encourage Israel to make territorial concessions which are not in the strategic interest of our Nation. To assure that the Jordan earmark in the committee bill does not work toward this end, a proviso should be added providing that all projects funded through the earmark be coapproved by the Government of Israel.

VII. THE ROLE OF THE PRIVATE SECTOR IN DEVELOPMENT

If we are going to have a taxpayer-financed foreign aid program, that program should be provided to the private sector in developing countries and channeled through private and voluntary organizations.

The record of AID with respect to private sector development is dismal; less than 5 percent of programs administered by the Agency for International Development are channeled as direct assistance to the private sector in developing countries. Other assistance is provided with an objective of indirect assistance to the private sector, but only 4.4 percent, according to AID's own study, is being spent as direct assistance for the private sector.

To the extent U.S. aid is provided, it should be channeled through private and voluntary organizations. Current law, continued by this bill, permits Federal funding of up to an incredible high level of 80 percent of the overseas development activities of PVO's.

Mark Huber with the Heritage Foundation has summarized the situation well:

> The fact is, private voluntary organizations are now scarely private. * * *
>
> The private contribution threshold should be increased further so that PVO's again become mainly private—public grants seem to serve as a disincentive for the organizations to raise contributions privately. When nonprofit organizations rely primarily on private support, they are forced to redouble their fundraising efforts, focus their goals, and objectives, and improve the quality of their programs. Heavy reliance on public funding, in contrast, generally quashes innovation and efficiency and prompts the PVO board members to spend more time lobbying the Government than seeking private support. PVO's already are a very useful vehicle for delivering humanitarian aid. As they gain the skills to be self-supporting, particularly in fundraising, they will become even stronger. * * *
>
> The private sector is better prepared and more flexible and has demonstrated a better record of providing foreign assistance than the U.S. Government. The responsibility for providing humanitarian aid to developing countries therefore should be primarily with the private sector. PVO's now contribute a large share of services due to their direct access to public funds. However, Government grants to PVO's are ultimately counterproductive because they create an artificial dependency on the Federal Government as a primary funding source, while allowing a vital network of private donors to be neglected. ("Humaintarian Aid" (chapter 1), "U.S. Aid to the Developing World: A Free Market Agenda," edited by Doug Bandow, The Heritage Foundation, Washington, DC 1985.)

I proposed during committee consideration that we gradually escalate the threshold of minimum private sector contributions from the present level of 20 to 25 percent next year and ultimately to 50 percent by 1992. This incremental approach would serve to provide sufficient leadtime to allow all PVO's to turn greater attention to shoring up their private support.

The "privateness" of PVO's is demonstrated both by a willingness and an ability to raise private funds. Most PVO's have well over 50 percent of their funding from private contributions already. Indeed, according to AID, less than 10 percent of PVO's, 20, would be affected by the 50 percent test, if it were applicable immediately. Perhaps none would be excluded by 1992 when that figure would apply.

Where Federal funds are predominant, a situation exists that impedes both the independence of the PVO's as well as the perception of PVO's in the host countries. We should have a policy of encouraging this independence and greater resources being channeled through the PVO's, but not at the price of making them mere extensions of AID. Indeed, concerns have been expressed within the PVO community about the increasingly Federal nature of some of these organizations, sometimes assuming an almost quasigovernmental character.

We need to reduce the "artifical dependency" on the Federal Government.

We need to focus on the private sector both here at home, in terms of our selection of private and voluntary organizations, and abroad, in terms of the types of programs that are supported.

We simply must do more to foster free enterprise in the developing world. Despite its persistent critics, it is demonstrable that free enterprise is the only economic foundation for long-term prosperity.

Peter Berger has commented on the inherent linkage between the development of free enterprise economies and the evaluation of democratic governments, the very ones we should be encouraging:

> At the heart of any American ideology of develoment must lie the concept of democratic capitalism, to use the felicitous phrase which Michael Novak has introduced. Specifically, what needs to be shown in that the human benefits associated with the democratic ideal are linked empirically (and perhaps linked necessarily) with societal arrangements that, minimally, leave important sector of the economy to the free operation of market forces.
>
> We do not, at this point, possess a comprehensive theory of capitalism, but one thing we know is the empirical correlation between capitalism and political liberty (as well as the correlation between political liberty and the whole gamut of human rights). That correlation can be stated with the great precision: Every democracy in the contemporary world has a capitalist economy; no society with a socialist economy is democratic.
>
> * * * There is not a single socialist success story; all the success stories have occurred in countries with capitalist systems. ("Speaking to the Third World," Commentary, October, 1981.)

VIII. EXAMINATION OF PREMISES FOR THE POPULATION CONTROL PROGRAM

I have outlined with other colleagues my concerns on the proposed resumption of funding for the United Nations Fund for Population Activities, and I will not repeat them here.

However, I do point out the need for a thorough examination of the validity of the premises which underly any taxpayer-financed program for population control. I emphasize "control" inasmuch as that is the focus of present U.S. programs.

Over $200 million a year goes to the population control programs financed through the Agency for International Development, making it one of the largest procurers of birth control drugs and devices in the world.

The fundamental premise of U.S. population control programs has been the theory, accepted as fact, that population growth rates in parts of the world are "too high," and that such rates impede economic prosperity, the assumption being that large populations, or at least high birth rates, are incompatible with per capita economic advances.

This assumption appears to be under serious review on many fronts, if not yet in the U.S. Congress. Several distinguished commentators on population have questioned its fundamental accuracy. A draft report of the National Academy of Sciences apparently reached a similar conclusion, resulting in the shelving of the report.

Nick Eberstadt concluded that size and growth rate of a poor country's population are seldom crucial to its material prospects. See "Population and Economic Growth," The Wilson Quarterly, Winter 1986.

I commend to my colleagues the symposium, sponsored by the American Enterprise Institute of December 5, 1984, entitled "Are World Population Trends a Problem?" and printed in 1985. Julian Simon, author of "The Economics of Population Growth" and "The Ultimate Resource," pointed out at the symposium that there is little or no evidence in the scientific literature demonstrating a long-run negative relationship between population growth and economic growth.

James Schall, S.J., author of "Human Dignity and Human Numbers" and "Welcome Number 4,000,000,000," noted that "population" is but a kind of abstraction for "people," and that ultimately any population policy must be founded upon a respect for individual persons and an understanding of man's inherent dignity.

Lord P.T. Bauer summarized the ideals on which the present population programs are based:

> These ideas and policies rest on the following explicit or implicit assumptions: economic performance and progress depend critically on resources per head, primarily land, but also capital; income per head is a reliable measure of economic well-being and can serve as its proxy; population trends can be reliably forecast decades ahead; Third World people do not know about birth control and procreate heedless of consequences; and the West is entitled or obliged to force them to change their reproductive habits.
>
> These ideas go counter to simple evidence and basic moral principles.

Bauer and others have also noted the dangerous blurring between voluntary and coercive population control programs.

> * * * In many LDC's, especially in Asia and Africa, * * * advice, education, and persuasion in practice shade into coercion. In most of these societies people are, by tradition, more subject to authority than in the West. And especially in recent years the prospects of many people have come to depend on official favors. Promotion in the civil service, allocation of licences (including even to operate taxis in parts of India), access to subsidized credit, official housing and other facilities have all been linked at times to restriction of family size. * * *

This "blurring" can certainly be seen in the excesses of the sterilization programs of India and Bangladesh and currently in Communist China.

These current programs will inevitably be subject to abuse. When does concern over a population growth result in a population goal? When does the goal become a target? And when does a target become, in reality, a requirement?

The unpopularity of these programs in much of the Third World is understandable, particularly given the Third World's ligitimate concerns with the eugenic background of prominent, early population control advocates. Some regard these programs as an extension of that early history.

It is also disconcerting that reports indicated that early common actions by two revolutions (in Iran and Nicaragua) were the immediate termination of unpopular U.S.-financed population control programs approved by the overthrown governments.

Bauer concludes, "We should hesitate before putting pressure on people to radically and rapidly alter their conduct in their most private and vital concerns."

Surely, there must be some better way to spend U.S. tax dollars on other respects of foreign aid, if we must spend it at all, than on highly controversial social engineering schemes.

IX. SOVIET AND OTHER COMMUNIST MILITARY ASSISTANCE TO THE THIRD WORLD

If any kind of foreign aid is plausible, a case can be made that security assistance is merely an extension of our own national security needs. If the United States can supply material, training, and economic support to other countries, those countries will serve as stand-ins in the front lines against the encroachment of Marxist and socialist control of the world and the world economy. U.S. security assistance, therefore, should be used directly to reward those nations which align their goals and interests with the United States. By the same token, assistance should be withheld from those who consistently oppose our national policies and interests.

Even the most ardent proponent of a nonconfrontational approach with the Soviets must be given pause by the recently updated trends in Soviet arms shipments to the Third World. The Congressional Research Service publishes such an update annually; see "Trends in Conventional Arms Transfers to the Third World by Major Supplier, 1979-1986," May 15, 1987, by Richard F. Grimmett. The new report contains some startling estimates on Soviet arms transfers to the Third World

The report states:

> It should be noted that the dollar figures presented for the U.S.S.R. reflect a revaluation of the Soviet military assistance program and show a 43 percent increase, from $62 to $88 billion, for the 1980-85 timeframe. This revaluation did not involve changes in the numbers or types of major military equipment delivered; rather it increased the dollar estimates for support material. The effect of the increase is most pronounced for those countries which have been at war or have had conflict/insurgency situations

> during the period, thus requiring substantial quantities of support material.
>
> The Soviet Union registered a substantial increase in its share of Third World arms transfer agreements between 1985 and 1986. The Soviet Union's share increased to 43.3 percent in 1986, from 30.9 percent in 1985. The value of the Soviet Union's agreements rose to 12.6 billion in 1986, from $11.4 billion in 1985 (in constant 1986 dollars).

Meanwhile, the report indicates a decline in U.S. transfers:

> In 1986, for the fourth year in a row, the total value of U.S. arms transfer agreements with the Third World has declined from the previous year.
>
> In 1986, the total value of U.S. arms transfer agreements with the Third World was the lowest of any year since 1979 (in constant 1986 dollars).

Some in the United States have stated that the United States should not be an arms provider, and have noted that Third World countries receive an increasing number of arms from U.S. allies, primarily in Europe, in order to meet their legitimate military needs. Not so, based on the report. "In 1986, the total value of the Third World arms transfer agreements of the four major West European suppliers, as a group, was the lowest of any year since 1979 (in constant 1986 dollars).

The proportions of arms supplied by the Communist world vis-a-vis the United States and non-Communist allies has been reversed in recent years. In 1979, the report indicates that the United States provided $9.5 billion in arms (in 1986 dollars), or 32 percent of all arms. In 1986, that amount had declined to $3.9 billion, representing 13.5 percent. Meanwhile the Soviets arms shipments have grown from $11.3 billion (37.9 percent) to $12.6 billion (43.3 percent).

The report is also disturbing with regard to the growth of other Communist arms sales. "All other" Communist sales skyrocketed from $1.2 billion (3.9 percent) to $5.2 billion (17.8 percent) in 1986.

In particular, Communist China ranked ahead of both West Germany and Italy in the value of arms transfer agreements with the Third World. China ranked fifth among all suppliers to the Third World in the value of arms transfer agreements from 1979-82, from 1983-86, and from 1979-86 (in current U.S. dollars). China ranked fifth in the value of arms delivered to the Third World from 1979-86 and ranked fourth in the value of arms delivered from 1983-86 (in current U.S. dollars).

This finding is all the more disturbing when one considers that the State Department has recommended in the past that the United State sell certain military technology to the Communist Chinese. Such an approach seems absolutely contrary to U.S. interests, particularly given these trends in Chinese arms agreements with the Third World. We are, it seems, providing technology which is being channeled into Iran and elsewhere via the Chinese.

Another troubling aspect is the shift in arms transfer agreements in Latin America.

> In the Latin American region shares of arms transfer agreements have undergone a major shift during the period from 1979-82 and 1983-86. In the earlier period, the major West European suppliers, as a group, held 26.7 percent of all Latin American agreements. This share dropped to 11.6 percent in 1983-86. The U.S. share of Latin American arms transfer agreements increased very slightly to 9.2 percent in 1983-86, from 9.0 percent in 1979-82. The Soviet Union had the most dramatic increase in its share of Latin American agreements. The Soviets' share rose from 43.3 percent in 1979-82, to 54.1 percent in 1983-86. All other suppliers to Latin America collectively increased their share of arms transfer agreements from 21.0 percent in the 1979-82 period to 25.1 percent in the 1983-86 period.

If there is any doubt about the dangers faced by friends and allies of the United States, these and other figures from the report should help dispel them. The Soviets—and, to a lesser extent, the Communist Chinese—are on the march around the world. The United States would be well-advised not to ignore these trends.

The following two tables from the CRS report are especially useful in assessing the trends.

ARMS TRANSFER AGREEMENTS WITH THE THIRD WORLD, BY SUPPLIER

[In millions of constant 1986 U.S. dollars]

	1979	1980	1981	1982	1983	1984	1985	1986
Non-Communist:								
Of which:								
United States	14,357	11,687	7,913	14,241	10,029	7,161	5,214	3,925
France	5,080	10,670	2,162	8,151	1,985	7,317	1,564	1,575
United Kingdom	1,909	2,856	1,841	1,568	598	561	8,599	890
West Germany	1,458	1,603	2,053	925	636	386	189	105
Italy	917	3,783	412	1,410	1,708	603	1,355	460
All other	2,329	4,257	7,176	4,022	7,273	3,111	4,177	4,375
Total non-Communist	26,049	34,945	21,556	30,317	22,230	19,139	21,098	11,330
Communist:								
Of which:								
U.S.S.R	16,952	21,117	16,368	23,443	7,332	22,934	11,457	12,630
All other	1,758	2,667	9,126	4,546	3,732	2,815	4,494	5,200
Total Communist	18,711	23,784	25,494	27,990	11,064	25,749	15,951	17,830
Grand total	44,760	58,730	47,050	58,307	33,294	44,887	37,049	29,160

ARMS TRANSFER AGREEMENTS WITH THE THIRD WORLD, BY SUPPLIER

[Expressed as a percent of grant total, by year]

	1979	1980	1981	1982	1983	1984	1985	1986
Non-Communist:								
Of which:								
United States	32.08	19.90	16.82	24.42	30.12	15.95	14.07	13.46
France	11.35	18.17	4.59	13.98	5.96	16.30	4.22	5.40
United Kingdom	4.26	4.86	3.91	2.69	1.80	1.25	23.21	3.05
West Germany	3.26	2.73	4.36	1.59	1.91	.86	.51	.36
Italy	2.05	6.59	.88	2.42	5.13	1.34	3.66	1.58

ARMS TRANSFER AGREEMENTS WITH THE THIRD WORLD, BY SUPPLIER—Continued

[Expressed as a percent of grant total, by year]

	1979	1980	1981	1982	1983	1984	1985	1986
All other	5.20	7.25	15.25	6.90	21.84	6.93	11.27	15.00
Total non-Communist	58.20	59.50	45.82	52.00	66.77	42.64	56.95	38.85
Major West European [1]	20.92	32.35	13.75	20.67	14.80	19.75	31.60	10.39
Communist:								
Of which:								
U.S.S.R.	37.87	35.96	34.79	40.21	22.02	51.09	30.92	43.31
All other	3.93	4.54	19.40	7.80	11.21	6.27	12.13	17.83
Total Communist	41.80	40.50	54.18	48.00	33.23	57.36	43.05	61.15
Grand total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

[1] Major West European category includes France, United Kingdom, West Germany, Italy.

X. SURVEYS OF PUBLIC OPINION ON FOREIGN AID

The Department of State faces a Herculean task in attempting to convert the American people to be supportive of our present foreign aid programs. The people are deservedly skeptical. Opinion polls have consistently shown that Americans do not support foreign aid, and, indeed, believe it is one of the first places that budget reductions should be made.

If for no other reason, Congress should reduce foreign aid to respond to the legitimate and widespread view of the public that such reductions are merited.

In a poll conducted by The Harris Survey from July 18, 1986 through July 22, 1986 on Government spending the American people indicated by an overwhelming majority of 73 percent that they believed that Congress should cut foreign aid 10 percent below what President Reagan proposed:

> Q: Another major cut Congress has proposed is to cut foreign aid by 10 percent below what President Reagan has requested. Do you favor or oppose cutting foreign aid 10 percent below what President Reagan has proposed?
>
> A: Favor, 73 percent; Oppose, 23 percent; and not sure, 4 percent.

When asked about the merits of economic aid as a whole, almost one-third of the respondents though that "hardly any" of the aid actually helps the people of those countries receiving the aid. Almost two-thirds of those polled believed "only some" of the aid helps those people, and only a mere 7 percent of the respondents believed "most" ends up helping.

> Q: Do you think that most of the economic aid we send abroad ends up helping the people of the countries we send aid to, that only some of it helps them, or that hardly any helps the people of those countries?
>
> A: Most ends up helping people, 7 percent; only some, 61 percent; hardly any, 30 percent; and not sure, 2 percent.

When asked whether they thought that giving economic aid to other countries got the United States too involved in other countries' affairs, the overwhelming majority of those people thought it did.

> Q: Do you think that giving such economic aid to other countries—get us too involved in other country's affairs?
>
> A: Think, 74 percent; don't think, 23 percent; and not sure, 3 percent.

The Chicago Council On Foreign Relations made a report based on a survey (the fourth in a series), done in October/November 1986, which polled both the American public and its foreign policy leaders regarding their support for an active U.S. role in foreign economic involvement.

When the question was posed regarding the support for present Federal programs, almost one-half of the respondents were in favor of cutting back economic aid, a little over one-third wanted to keep the current level unchanged, and only 11 percent were in favor of expanding the aid.

> Q: I am going to read a list of present Federal Government programs. For each I'd like you to tell me whether you feel it should be expanded, cut back or keep about the same.
>
> A: In favor of expanding economic aid, 11 percent; in favor of keeping economic aid the same, 35 percent; and in favor of cutting back aid, 48 percent.

The study noted that while Americans' reponses to earthquakes and natural disasters are generous, Americans as a whole do not see the goal of improving the standard of living in less-developed nations as very important or of vital U.S interest.

It is interesting to note that the report found that 90 percent of the foreign policy leadership since 1978 has been in favor of foreign aid for economic development while there is no great support for the principle of foreign aid among the public.

But the report also finds that on other aspects of foreign aid, the proportion of leaders supporting the goal of "helping to improve the standard of living of less developed nations" has dropped below 50 percent for the first time since 1978. The support by the leaders for the guaranteeing of repayment of developing-country loans to U.S. banks has declined by 11 percent.

In its explanation of the attitudes of Americans in this area over the years the report states:

> Opposition to foreign aid, whether or not it reflects motives of economic self-interest, cuts a wide and deep swath in American society. Reluctance to give such aid does not flow simply from adverse economic conditions; resistance to aid has persisted practically throughout the decades in which polls have been taken, except in times of war. Questions that were asked in prior surveys but which were not asked in 1986 make it clear that resistance to foreign aid rests heavily on a pervasive skepticism about what aid can actually accomplish abroad, and about what it does for us at home.

Is it not wonder that close observers of the foreign aid situation and would comment, as Nick Eberstadt did:

> If opinion surveys are correct, the American people are troubled by our present policies to relieve distress and promote property in the poorer regions of the Earth. They are right to be so. As they are currently conducted, American foreign aid policies connot be relied upon to encourage economic health or self-sustaining growth in low-income nation; indeed, they may actually subsidize practices that perpetuate or even generate poverty in certain places. Such programs betray the wish of the American people to extend their help to the world's least fortunate groups and dangerously compromise America's moral role in the world.

("Famine, Development & Foreign Aid," Commentary, March, 1985.)

XI. WASTE, FRAUD, AND ABUSE IN THE U.S. FOREIGN AID PROGRAM

It would be difficult enough for propents of foreign aid to defend such spending if it were being spent on worthwhile programs or purposes. The even more disturbing aspect is the purposes for which our tax dollars are going.

An interesting study of foreign aid, released earlier this year by the Cato Institute, underscores this point. James Bovard, author of the study, based his analysis on more than 25 internal Government reports from the General Accounting Office and the Inspector General of the Agency for International Development. Following are some of the highlights of the study:

—AID has poured more than $250 million into El Salvador's land reform program. Yet since the program began, production of coffee has fallen 30 percent. Sugar and cotton production has also fallen. The small tenant farmers who not plow much of the land are required by the government to wait 30 years before selling any of it, which essentially ties them to the land as though they were medieval serfs.

—Africa has been the great hope of foreign aid advocates. Yet per capita food production in Africa has fallen 20 percent since 1960, and per capita income may be lower by the end of the decade than it was in the early 1960's. AID, the World Bank, and other donors helped set up many of the state-owned enterprises and state farms that disrupted African agriculture and contributed to the starvation of thousands of people.

—One report by the AID inpector general observed that AID's Senegal mission felt "considerable pressure existed (from Washington) to program and spend project funds, with a lesser concern for effective use of the moneys."

—One International Monetary Fund official assessed the impact of foreign aid on

—Since the 1950's, American foreign aid rhetoric has stressed the need to develop business and private enterprise in the Third World. After 30 years of preaching the virtures of the private sector, however, the United States still directs most foreign aid to foreign governments

—Almost all AID private-sector funds are channeled directly or indirectly through the recipient country's government. * * * The result is not free markets but "crony capitalism"—money distributed to the friends and relatives of politicians.

—Drawing on the work of development economist P.T. Bauer, Bovard points out that government-to-government aid generally increases the power of the central government in the recipient country and society. More and more of society's resources are diverted from productive endeavors and directed toward getting control of the government. In Africa, this has gone beyond the lobbying and political expenditures found in the developed world; the struggle for political control there is often bloody.

—Thanks to foreign aid money showered on African governments, Mercedes-Benz automobiles are so popular among African government officials that a new word has come into use in Swahili to describe them: "wabenzi—men of the Mercedes-Benz."

modernize existing levels of aircraft. Honduras, in particular, has relied on an efficient, modern air force in lieu of ground forces to protect itself. Any plane that would be provided would be to replace those that will be obsolete very shortly. There are concerns that existing planes have reached their normal life-cycle utility, and may be becoming increasingly dangerous to fly; moreover, spare parts are no longer produced in adequate amounts to service their operational needs. El Salvador would even be barred under this prohibition from replacing planes lost in combat. The provision, if enacted, is likely to exacerbate our problems in Central America, not reduce them.

Similarly, we find it unreasonable to establish an arbitrary—especially an arbitrarily low—ceiling on military aid to the four democarcies of Central America. Another provision of the bill (section 603), also authored by Senator Dodd, proposes a ceiling of $150 million on military aid to Honduras, El Salvador, Guatemala, and Costa Rica. The overall budget mark of the bill was a freeze at fiscal year 1987 levels, a level which some of us find insufficient. However, to establish a ceiling on military aid to this region at a level "below" that of fiscal year 1987, we all find unreasonable. The Dodd ceiling represents a reduction of about 16 percent below present levels, and a whopping reduction of 27 percent below the President's requested level, as shown in the following table:

	Fiscal year 1987	Fiscal year 1988 request	Dodd ceiling
El Salvador	$115	$118	
Honduras	60	80	
Guatemala	2	7	
Costa Rica	1.5	2	
Total	178.5	207	$150

The importance of our bilateral relations with these democracies cannot be stressed too strongly. The potential damage done by these unduly restrictive amendments likewise cannot be overstated. The military needs of these nations are real. The potential dangers they face from Nicaragua are real. Both provisions—the prohibition against combat aircraft sales and the limitation on military assistance for fiscal year 1988—are, in our judgment, inappropriate. They represent a flawed approach to the conduct of U.S. foreign policy in the region. We hope that our colleagues will consider the importance of this region when attempts are made on the floor to strike these ill-advised sections from the bill.

ADDITIONAL VIEWS OF SENATORS HELMS, LUGAR, KASSEBAUM, BOSCHWITZ, MURKOWSKI, EVANS, AND McCONNELL

TURKEY

We disagree with the committee's overall position on the military funding level and policy language relating to Turkey. In recent years, the Republic of Turkey has made signficant progress in democratizing its political system, stabilizing its economy, and decentralizing its economic system. It has remained a steadfast ally devoting 4.5 percent of its GNP to national defense, one of the highest levels in the NATO alliance. It has done so in the face of many other competing national priorities and with an economy more fragile than those of most other NATO allies.

Turkey's strategic importance to the United States and the defense of the West is largely a function of its geostrategic position and its firm commitment to the Western alliance. Turkey lies at the nexus of our NATO, Persian Gulf/Southwest Asia and Middle East strategies. Turkey shares the longest border with the Warsaw Pact and commands access to the strategically important Bosphorus straits. In addition, the Government of Turkey is host to numerous important United States and NATO military installations, intelligence collection bases, seismographic detection facilities, and other military supply and storage depots. Without these facilities, the forward defense, military training, and deterrence capabilities of the United States and the entire NATO alliance would be seriously eroded. It is our view that these critical defense realities were not adequately reflected in the committee's bill.

We also believe that it is essential for the United States to avoid becoming closely entangled in the differences between Turkey and Greece. The United States ought not take sides in the continuing dispute over Cyprus, and Aegean islands, and other differences between Greece and Turkey. To do so, would create fissures in NATO at a time when we should be healing them. The United States ought to provide help to resolve or diffuse these issues if both countries request them, but we should avoid actions that could heighten rather than lessen tensions between our two important allies. Both countries are important allies for strengthening our southern NATO flank. We agree that the Cyprus issue should not be ignored, and we encourage both Greece and Turkey to continue the ongoing proximity talks, a reasonable position that was adopted by the committee.

The most disturbing action by the committee is the decision tying Turkey military assistance funding to the Greek level by an artificial 10-to-7 ratio which makes little sense in terms of military planning or in meeting each country's security requirements as they exist. Rather, the levels of military assistance funding should be based on our best judgment of the military requirements of both countries. If it were the judgment of the administration and the Foreign Relations Committee that this level should be set at $490 million for Turkey and $343 million for Greece solely on the basis of each country's security needs, we would have no serious objection. But this is not the case. The $490 million level earmarked for military assistance by the committee is a freeze at the fiscal year 1987 level and is far below the amount necessary to meet Turkey's modernization needs. The administration requested $785 million in military assistance, but the committee recommended a 35-percent reduction.

We believe that Turkey is one of the most important participants in our security assistance program. Our funding decisions should therefore reflect this high priority. The administration's request, though significant, is substantially lower than the $1.2 billion level that NATO has stated is needed in each of the next 10 years in order to get Turkey's armed forces up to a standard compatible with NATO requirements. The amount earmarked by the committee falls far short of these needs and will undoubtedly postpone Turkey's military modernization program and delay the strengthening of the southern flank of NATO.

We must continue to encourage a reasonable resolution to the Cyprus problem but it is unclear to us how the policy language and the funding constraints in this bill with respect to Turkey will further this objective. They may, in fact, accomplish just the opposite result. In the end, we must base our foreign assistance decisions relating to Turkey and to all other recipients on what we determine is in the national interests of the United States. We believe the provisions in the bill on Turkey fall short of this decision criterion and need to be strengthened.

ADDITIONAL VIEWS OF SENATORS HELMS, BOSCHWITZ, PRESSLER, MURKOWSKI, TRIBLE, AND McCONNELL

SOUTHERN AFRICAN DEVELOPMENT COORDINATION CONFERENCE

We are concerned by the inclusion in this bill of $50 million earmarked for the Southern African Development Coordination Conference. The conference is comprised of nine "front line" States in Southern Africa—specifically, Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia, and Zimbabwe.

We are especially troubled by the total lack of conditions put on this new aid to these countries. The lack of conditions, or even an expression of concern, is all the more incongruous inasmuch as the committee did express concerns about two other African nations, Kenya and Zaire, with whom we have had longstanding and good relations. The annual human rights report clearly indicates that certain members of SADCC consistently have had far worse records on human rights than Kenya or Zaire. Why we would snipe at our friends while providing aid to others that are clearly not friendly to U.S. interests escapes rational explanation.

The "calculated risk" acknowledged by the committee does not provide very good odds, given what we know about the individual countries in this region. We are told that the trends within SADCC are good ones which should be encouraged. We would be more impressed to see evidence of change, rather than simply assurances of future improvements. Additionally, even if U.S. aid is warranted, we would rather respond by supporting individual countries that merit and can effectively use the assistance, rather than taking the $50 million shotgun approach in the committee bill. We see no compelling reason why we should be bound by a "regional" approach to aid in southern Africa; indeed, accountability is undermined and limited resources are spread so thinly as to be meaningless.

At a minimum, we believe the same parameters recommended by the Senate Appropriations Committee as a part of the supplemental appropriation bill, H.R. 1827, should be applied when this authorizing bill is considered by the Senate.

First, an absolute prohibition on aid to Angola and Mozambique, two of the principal members of SADCC. Both countries are ruled by pro-Marxist governments that are engaged in a civil war with pro-democrateic and pro-Western opposition movements, UNITA in the first instance and RENAMO in the second.

Soviet bloc military personnel and advisers are in both countries, assisting in the repression of a legitimate democratic rebellion. The very idea that we should permit support for these two countries through economic aid while they are receiving large infusions of military aid from the Soviet Union and its allies is incomprehensible to us.

Indeed, similar concerns arise with regard to certain other SADCC members—Zimbabwe, Tanzania, and possibly Zambia—which are reported to be stationing troops or advisers in Mozambique. If they can afford to equip and maintain troops in support of another country's antidemocratic government, one must surely wonder why U.S. taxpayers should be called on to provide economic support for those countries.

A related question occurs with regard to whether U.S. economic aid should be furnished to countries that are receiving Soviet military support—whether bought or provided free. The Defense Department's most recent analysis of Soviet military power, entitled "Soviet Military Power, 1987," indicates that three SADCC countries—Angola, Mozambique, and Zambia—received $100 million to $1 billion in military equipment during the period 1981-86. Zambia has just concluded a contract with the North Koreans to provide military training to Zambians in North Korea. Additionally, Zimbabwe has announced intentions to buy Soviet military aircraft (MIG's).

Nations that can afford to buy Soviet weapons do not need or deserve U.S. economic assistance; our economic aid, in such instances, only serves to "free up" money for such military purposes. Neither should we provide economic aid to countries which have aligned themselves with the Soviets by obtaining military assistance without cost. These countries should determine whether they wish to receive U.S. assistance—and, if so, terminate their military relationship with the Soviets—or whether they wish to continue that military relationship with the Soviets, in which case we should not provide U.S. aid.

The second improvement made by the Appropriations Committee recommendations is that the funding for transportation—a major justification for the entire $50 million SADCC program—be restricted to rehabilitation of the northern corridor, which links southern Africa with Dare es Salaam, Tanzania. Rehabilitation of the other major corridor—the Beira Corridor, running through Mozambique—is simply impractical given the ongoing civil war in Mozambique. Without regard to which side in that conflict the United States should be supporting, it is simply a waste of money to try building a major transportation line in a country embroiled, as Mozambique is, in a major civil war, especially when the State Department estimates that the Marxist government controls only 30 percent of the territory. Yet this bill would promote that type of spending. We can think of no example of successful completion of such a project in a war-torn country.

Another of our concerns is that the money designated for these projects will divert U.S. assistance away from desperately needed aid to basic human needs. Throughout southern Africa, a combination of drought, civil war, and misguided government policies has led to economic declines and a serious threat of local famines. Under these conditions, the U.S. aid available for the region should be used for meeting these needs and adding to the net new economic productivity of these nations rather than constructing new facilities which merely duplicate those already in existence in an effort to provide more politically palatable routes.

Finally, we are concerned that this proposal runs counter to the U.S. policy goal of encouraging greater intergration, not increased barriers, between blacks and whites in southern Africa. Rather than attempting to reduce trade and economic contacts between South Africa and its black-ruled neighbors, the United States should aim at promoting greater trade in order to reduce cross-border tensions, break down racial barriers, and work toward mutual prosperity.

We ask our colleagues to focus on the issues represented by the establishment of this aid program for SADCC, and to support efforts to target any such aid more directly on countries in southern Africa that share United States values about the importance of basic human rights, free enterprise economic development, and democratic government.

ADDITIONAL VIEWS OF SENATORS HELMS, LUGAR, BOSCHWITZ, PRESSLER, TRIBLE, AND McCONNELL

INDIRECT FUNDING OF COERCIVE ABORTION

Section 303(d) of the reported bill effects a fundamental change in U.S. law on coercive abortion and involuntary sterilization in population policy. In short, it opens the way for American taxpayers to support such abhorrent practices.

Current law provides that no U.S. funds for population control "may be made available to any organization or program, which as determined by the President of the United States, supports or participates in the management of a program of coercive abortion or involuntary sterilization." (Public Law 99-591, 100 Stat. 3341-217.) Drafted by Congressman Kemp and Senators Kasten, Inouye, and Helms, This provision has restricted population appropriations in fiscal years 1985 (part of year), 1986, and 1987 to programs and organizations not involved in coercive abortion or involuntary sterilization. (Public Laws 99-88, 99-190, and 99-591.)

The congressional intent behind this legislation was to stop U.S. support, direct and indirect, for the highly coercive one-child program of the People's Republic of China. Extensively documented by China experts and in news reports, the one-child program has shocked the world because of its brutality and ruthlessness. In essence, Chinese couples are permitted to have only one child "or else." The "or else" has included not only loss of employment and other social sanctions, but also various forms of coercion aimed at forcing women to undergo abortion and sterilization. Because of the dire consequences of disobeying the one-child rule, desperate parents have even resorted to infanticide, especially of female babies.

The extreme nature of the Chinese one-child program, unprecedented in the history of population control efforts, brought a sharp rebuke from the U.S. House of Representatives in 1985. On a bipartisan basis, the House condemned the practices under the one-child policy as "crimes against humanity." (Amendment to H.R. 1555, 99th Congress, Congressional Record, pp. H5335-48, July 10, 1985.) Since that time, no evidence has been produced indicating any substantial improvement in either the one-child rule or the repression used to enforce it. In fact, Chinese demographic expert John S. Aird (now retired from the Bureau of the Census) gave unrefuted testimony February 26, 1987, before this committee that the Chinese population program has become more, not less, coercive since 1985.

Before enactment of the current law standard in 1985, the record of U.S. support for the coercive Chinese program was scandalous. During fiscal years 1981 through 1985, the United States contributed approximately $177 million to the United Nations Fund for Population Activities (UNFPA), representing about one-quarter of UNFPA's budget in those years. UNFPA, in turn, contributed approximately $54 million to the Chinese program during a similar timeframe.

Moreover, UNFPA has been intimately involved in the Chinese program. According to the U.S. Agency for International Development (AID), UNFPA has provided the Chinese extensive training in techniques for sterilization and procedures for inserting intrauterine devices, has given substantial assistance to the (Chinese) State Family Planning Commission to collect population data, has provided major funding for contraceptive research and development, has provided significant support for population publicity and education efforts, has played a major role in setting up the China Population Information Center, and has supplied computer equipment valued in excess of $12 million for population tracking. (For further details see Congressional Record, pp. S14818-40, November 5, 1985.) All of these activities have been integral to carrying out the coercive one-child program and have made UNFPA a comanager of it, according to Presidential determination. In addition, UNFPA granted a "prize" of $12,500 in 1983 to Qian Xinzhong, the head of the Chinese State Family Planning Commission, for "the most outstanding contribution to the awareness of population questions," despite his role as chief enforcer of the one-child program.

Thus, when the U.S. financially supports UNFPA, it contributes directly and indirectly to the nightmarish Chinese program and it encourages continued UNFPA support as well. We do not believe the American taxpayers want their money used for such gross violations of basic human rights.

Section 303(d) of the bill paves the way for renewed U.S. funding of UNFPA, despite UNFPA's ongoing support for the Chinese one-child program. That section, although appearing to block U.S. funding for coercive abortion—because of its prohibition on "direct" support for such activities—would, in reality, give a green light to AID to resume the equally unconscionable indirect support for the coercive population control program of the People's Republic of China through UNFPA.

The bill adds a new subsection to the population control language of the Foreign Assistance Act providing: "None of the funds made available to carry out this part may go to any organization which directly participates in coercive abortion or involuntary sterilization." In other words, so long as the organization only indirectly supports coercive abortion or involuntary sterilization—which is, in effect, what UNFPA asserts about its contribution to the Chinese program—it would be acceptable under the committee bill.

Enacting this language in light of the history of UNFPA support for the Chinese program would put Congress in the position of saying, "Yes, we don't want U.S. money used 'directly' to force women to undergo abortion and sterilization against their will, but as long as our support for such crimes against humanity is merely 'indirect,' then let the money flow." Congress would in effect be assisting a massive deprivation of human rights in China. Such an approach is unworthy of the respect we owe the suffering Chinese people and the responsibility we owe the American taxpayers.

Some will argue that UNFPA is an established and honorable institution fighting bravely to stem the tide of overpopulation. They will say that the United States cannot afford not to participate in the noble efforts of many countries working together under the umbrella of UNFPA.

In our view, however, there is a more important principle at stake than mere cooperation among nations on a perceived social problem. That principle, fundamental in its substance and universal in its application, is the natural right of married couples to conceive and procreate children freely as they determine without interference by any state. The family is a divine institution which precedes the state and has rights superior to the state. Accordingly, no power on Earth—not the U.N., not the People's Republic of China, and certainly not the United States Congress—has authority to dictate to married couples in China or elsewhere that they can have only a certain number of children.

We urge your support for efforts to strike the committee provision and to maintain the current law's prohibition on both direct and indirect aid to programs or organizations supporting or participating in the management of a program of coercive abortion or involuntary sterilization.

ADDITIONAL VIEWS OF SENATORS HELMS, LUGAR, KASSEBAUM, BOSCHWITZ, PRESSLER, AND McCONNELL

CARGO PREFERENCE

As if this bill did not have enough weight impeding its passage, the committee adopted an amendment offered by Senator Sarbanes that will serve to add more controversy to the bill, thus threatening its ultimate passage.

The amendment would require recipients of Economic Support Fund (ESF) cash transfers to agree to import an equal amount of U.S. goods and to transport such goods under U.S. cargo preference laws. Each of us represents states that have a strong interest in increasing our exports, particularly of agricultural products and coal. While the amendment is portrayed as helping exports, its actual effect would be quite the opposite.

The amendment has two principal features. The first requires that any country receiving a cash transfer under the ESF Program must agree to purchase an amount equal to the value of the transfer in U.S. goods. In almost every case, countries that now receive ESF cash transfers purchase not only an equal amount, but far more than the value of their cash transfer. For example, in fiscal year 1986, the latest year for which information is available, the Philippines received an ESF cash transfer of $300 million, but imported goods from the United States valued at $1.325 billion. The Dominican Republic received a cash transfer of $40 million and imported $885 million in United States goods. Egypt received a transfer of $110 million and imported $1.827 billion in United States goods. Portugal received a cash transfer of $76 million and imported $2.613 billion in United States goods.

Only three countries receiving cash transfers under ESF would not have met the test imposed by this portion of the amendment: Chad (cash transfer of $7 million, United States imports of $5 million); Niger (cash transfer of $4 million, United States imports of $3 million); and Zambia (cash transfer of $17 million, United States imports of $15 million). Assuming that these three countries had agreed to buy as much in American products as they received in cash transfers, total U.S. exports for fiscal year 1986 would have increased by $5 million. However, these three countries are unaffected by the amendment because of its threshold of $10 million. Thus, this aspect of the amendment is essentially meaningless in terms of its impact on exports.

The second and major intent of the amendment is to require all recipients of an ESF cash transfer ship at least one-half of their U.S.-purchased goods on U.S. vessels. Since the amendment provides no additional funds to pay for the added cost of U.S. shipping, the availability of financing for countries purchasing U.S. commodities is reduced by the additional cost required by this cargo preference provision. The amendment adopted by the committee will have its greatest adverse impact on commodities which are already being shipped to such countries, although perhaps not by U.S. ships. Our exports need to be expanded, not reduced.

At a time of budget constraint, when we should be attempting to stretch increasingly finite resources further, this amendment would result in less real assistance and fewer commodities shipped from the United States. Obviously, the only apparent beneficiary is the U.S. merchant marine fleet. However, we are concerned that, in the long term, U.S. shippers may be disadvantaged because of the negative consequences that they could face from reduced exports through the ESF Program.

For these reasons, we urge our colleagues to support efforts to strike this provision from the bill.

ADDITIONAL VIEWS OF SENATORS HELMS AND KERRY

INTERNATIONAL NARCOTICS CONTROL

Just last year, a remarkable consensus emerged to develop a comprehensive response to the enormous problem of drug abuse in the United States. Congress responded with an omnibus bill, the Anti-Drug Abuse Act of 1986, Public Law 99-570.

One component of that effort was the International Narcotics Control Act of 1986, title II of the omnibus bill, which included a significant strengthening of U.S. commitment to fighting the spread of narcotics internationally, specifically through reductions in foreign aid to any country determined to be a major illicit drug producing country or major drug-transit country. The significance of an existing annual report on narcotics was increased because that report would serve as the basis for continued U.S. assistance. The new law required that countries found to be major illicit drug-producing countries or major drug-transit countries could retain full U.S. foreign aid funding only if the President determined that those countries had "cooperated fully" with the United States. Expedited procedures were established to decertify countries in cases where the Senate disagreed with the President's determinations.

We are concerned that less than 1 year after enactment of this historic legislation, attempts are being undertaken to dilute the important efforts undertaken by the antidrug abuse legislation. Specifically, the committee's bill includes a provision that would eliminate the expedited procedures established just last year. Under the committee's provision, expedited Senate action could take place only if a resolution of disapproval was reported by the Foreign Relations Committee. The brief history of the provision demonstrates that the Foreign Relations Committee and the full Senate may reach different conclusions on whether certain countries—most notably, Panama—meet the standard of cooperating fully with the United States.

We have no disagreement with the committee's decision to extend from 30 to 60 days the period between the President's submission of the report and final action on resolutions of disapproval. Greater time for examination and discussion would have proven useful this year, and should be an improvement for the future. Nor do we have a problem with changing the date of submission from March 1 to February 15. However, to eliminate the expedited procedure is a serious erosion of the Senate's prerogatives to examine the degree to which countries have cooperated fully.

Concern over the ramifications of our international narcotics control program is bipartisan or nonpartisan. The failure to address drug trafficking effectively will be evident in each of our States as more and more of our citizens suffer the consequences of drug abuse. The tragedy is equally great whether it takes place in

Massachusetts, North Carolina, or any other State. We must do all we can to provide incentives for countries that receive foreign aid to cooperate with our efforts and penalties—such as the loss of such aid—when they fail to do so.

Additionally, the present law includes factors for the President to consider in determining whether a country has cooperated fully. This list is illustrative, not inclusive. However, we think it advisable to expand the illustrative list since some factors which we considered obvious were not taken into consideration by the State Department in the determinations about cooperation during 1986.

Current law already provides that the Government must have taken the legal and law enforcement measures to enforce in its territory, to the maximum extent possible, the elimination of illicit cultivation and the suppression of illicit manufacture of and traffic in narcotic and psychotropic drugs and other controlled substances, as evidenced by seizures of such drugs and substances and of illicit laboratories and the arrest and prosecution of violators involved in the traffic in such drugs and substances significantly affecting the United States; and have taken the legal and law enforcement steps necessary to eliminate, to the maximum extent possible, the laundering in that country of drug-related profits or drug-related moneys, as evidenced by: (i) The enactment and enforcement of laws prohibiting such conduct; (ii) the willingness of such government to enter into mutual legal assistance agreements with the United States governing (but not limited to) money laundering; and (iii) the degree to which such government otherwise cooperates with U.S. law enforcement authorities on antimoney laundering efforts.

We believe that among the additional criteria which should be considered are whether each country: (1) Has adopted legal codes to enable law enforcement officials to move more effectively against narcotics traffickers, such as new conspiracy laws and new asset seizure laws; (2) has expeditiously processed U.S. extradition respects; (3) has not protected or given haven to any known drug traffickers and has expeditiously processed extradition requests relating to narcotics trafficking made by other countries; and (4) has investigated the murders of U.S. personnel working in drug enforcement in that country who have been killed since 1985 and brought to trial and effectively prosecuted those responsible for such murders.

Additionally, in the future, consideration should be given to whether countries have actually entered into a mutual legal assistance agreement rather than simply indicated a "willingness to enter into" such an agreement.

Consideration should be given to expanding the demonstration of taking legal and law enforcement measures to include conviction and incarceration of violators involved in the drug traffic, not just their arrest and prosecution.

We also believe that further discussion should occur with the specific actions needed by certain countries, primarily Mexico, Panama, and the Bahamas. Additional improvement needs to occur with respect to Peru and Bolivia and their programs for narcotics control.

ADDITIONAL VIEWS OF SENATORS LUGAR, KASSEBAUM, BOSCHWITZ, AND EVANS

COMMITTEE FUNDING MARK

We believe the overall funding mark of $11.1 billion is not adequate to meet our foreign policy and national security objectives and to assist our friends abroad in meeting their developmental and security requirements. The Lugar amendment to raise the foreign assistance funding level to $12.1 billion—the President's request level—was defeated in committee, but we are convinced this level is the minimum necessary to protect our interests abroad and help others help themselves.

The inadequacy of the committee funding mark is compounded by the large number of earmarks adopted by the committee. The combination of low and declining funding levels with the high number of restrictive earmarks complicate rational country planning and reduce the flexibility in allocating finite funds among countries and programs that are not earmarked. We recognize the validity of protecting certain programs against unwise reductions, but the large proportion of earmarks weakens the program to the point where it may no longer adequately promote our global foreign policy interests.

Roughly 84 percent of the total military assistance (combining foreign military sales credits and the Military Assistance Program levels) and 83 percent of the Economic Support Funds (ESF) are earmarked or set aside for selected countries and programs. Suggestions that the President has special authorities to shift funds from account to account or to break earmarks to accommodate unanticipated needs do not alleviate the constraints inherent in a funding mark combining low funds and high earmarks. Unless the Congress encourages the President to use these authorities with impunity, the exercise of his special authorities to adjust to constrained funding levels are rendered meaningless.

The foreign assistance program is the principal legislative vehicle by which the Congress expresses itself on the conduct of foreign policy. We strongly believe that we must be more forthcoming in providing funds and in limiting the constraints on their allocation. We fear that the low funding level signals to their allocation. We fear that the low funding level signals to our friends and allies abroad that we may be pulling back from our international commitments and that we are sacrificing our national security interests for a lack of foresight. We are concerned that the majority vote reflects a neoisolationalist view that will cause severe problems for the United States in the years ahead.

We agree with the need to constrain, even reduce, Federal Government spending. To assist this priority national objective, the foreign assistance program has been reduced in each of the past 3 years. Last year, the reductions were so severe that they resulted in cuts in country programs averaging nearly 50 percent for many recipients. As an example, the administration was required to slash the security assistance program for an important base rights country (Spain) by some 75 percent. A similar drastic reduction will be required this year.

Many critics of foreign assistance have cited sharp increases in foreign assistance over the past several years as a rationale for reductions. While it is true that there has been an expansion of these programs and a liberalization in the terms, it must be borne in mind that these increases can be accounted for by programs in which there has been a wide consensus in the Congress. Virtually the entire growth can be accounted for by increases in the military and economic assistance for the two Camp David countries—Israel and Egypt—and by the initiation of a new program of assistance with Pakistan in the wake of the Soviet invasion of Afghanistan. In addition, a technical accounting change caused the overall foreign assistance budget to register an increase when the FMS loan program was taken "off-budget" and put "on-budget" in fiscal year 1985. If the increases for the Camp David countries and Pakistan are exempted, the rest of the worldwide program funding closely resembles the levels of the early 1980's. In real or constant dollar terms, the committee mark, minus the Camp David increases, may represent an actual decline from the early 1980's.

Over the past several years, we have made considerable progress around the world. Fragile democracies have begun to flourish in Central America, the Caribbean, and in the Philippines. Our security interests have improved in Central America and the Pacific basin. State-centric economies in Africa and elsewhere are more open and decentralized. Resistance movements in Communist-dominated countries have been strengthened, and our traditional NATO alliance is on a sound footing. This scorecard of positive developments are not all traceable to our foreign assistance program, but we are certain that they would not have been possible without a constructive, flexible, and adequately funded assistance program.

If the United States is to continue to play an active and positive role abroad, we will have to do more than the budget levels adopted by the committee allow. If we are to make and keep our commitments abroad, if we are to assist friendly countries mature politically and develop economically, we will have to do better than this. If the United States is to continue to help countries cope with internal conflicts or contend with external aggression, if we hope to build and stimulate markets for U.S. exports and if we genuinely want to share the benefits of our own bounty and way of life, we will have to do better than this.

We believe that the promise of America to assist peoples in other countries would be met more fully with higher funding levels adopted by the committee and with greater flexibility in allocating these funds. This promise can be fully met by adopting the President's funding request level. We will press for higher funding levels when this bill comes before the full Senate for consideration.

ADDITIONAL VIEWS OF SENATORS PRESSLER AND HELMS

HUMAN RIGHTS VIOLATIONS IN SOUTHERN AFRICA

Last fall Congress imposed economic sanctions against the Republic of South Africa. And now with this bill, we turn the other cheek to South Africa's neighbors, all of whom have far worse records of human rights violations, and confer forgiveness upon them with American tax dollars.

American aid, it seems, can go to friend and foe, to the wise and the foolish, to those who need it and those who do not. Frequently, one gets the impression that our foreign assistance program, for all the good it has accomplished in the past, is now dispensed just for the sake of giving it away.

Little wonder, then, that it is the most unpopular of all Federal programs.

But of all the inexcusable reasons for doling out American tax dollars, the worst must surely be the assumption that we can peddle influence among Marxist and left-leaning governments in the so-called frontline states of southern Africa. To do this requires that America ignore outrageous violations of the human spirit. We need cite no more authoritative source than the State Department itself. The following excerpts from the Department's Annual Country Reports on Human Rights Practices in 1986 portray human rights conditions that should be considered carefully in making judgments about U.S. assistance to these countries.

ANGOLA

> The People's Republic of Angola * * * is ruled by the only recognized political party, the Marxist-Leninist Popular Movement for the Liberation of Angola (MPLA). * * * All major policy decisions are made by a small elite in the MPLA, which also controls all means of mass communication. Open political dissension is not tolerated. * * *
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> The Angolan Government receives extensive military assistance from the Soviet Union—well over $4 billion since 1975—and in 1986 Soviet advisers again played an important role in planning and directing military operations. An estimated 35,000 Cuban military personnel provided logistical support, training, and advice to government forces as well as garrison key strategic population and economic centers. * * *
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> Treatment of political prisoners at the prisons controlled by the ministry of state security is alleged to be harsher than treatment in the regular prisons. Mistreatment reportedly includes physical intimidation, including beatings

and threats, and prolong interrogation with the use of force. * * *

Two of the most persistently and frequently reported charges of human rights violations have been arbitrary arrest and imprisonment without due process. * * * Under Angola law, persons suspected of committing serious acts against the security of the state may be held by the ministry of state security without charge for an initial period of 3 months, renewable for further period of 3 months. * * *

Although the constitution gurantees the inviolability of the home and privacy of correspondence, the government conducts arbitrary searches of homes, censors private correspondence, and monitors private communications. * * *

The constitution guarantees freedom of expression. * * * In fact, the Angolan people live under censorship, initimidation, and government control of the media. * * *

Freedom of assembly is denied to any political group or movement other than the MPLA. All other political movements have been banned. There are numerous unconfirmed reports of arrests of people who voice support of opposition movements or alternative political systems. * * * Traditional labor union activities are tightly controlled by the government. * * * Strikes are prohibited by law as a crime against the security of the State. * * *

Although the constitution guarantees the inviolability of freedom of conscience and belief and provides for separation of church and state, the government publicly emphasizes the importance of propagating "atheism". * * *

The government has instituted a pass system within Angola, and foreigners are generally prohibited from traveling outside the principal cities. * * *

For the average Angolan, life is nasty, brutish, and short.

MOZAMBIQUE

The political bureau of FRELIMO, the only party allowed, is the key decisionmaking organ, and it articulates government policies. * * *

* * * the government's commitment to the prompt notification of relatives and friends of detained persons remains suspect, and it is often impossible to know whether a person has disappeared or is in detention. * * *

Amnesty International's 1986 Report noted that harsh beatings, inflicted with a variety of instruments, were the most frequently reported form of torture in 1985. In this connection, the government reintroduced the practice of flogging. * * *

Under the state security system, all investigations and arrests are carried out by SNASP, and detainees may be held indefinitely, often incommunicado, without formal charges. * * *

While the party apparatus is a vehicle for monitoring daily life, in practice there is no gross interference with family affairs. However, especially in areas of active insurgency, homes are entered at will by security or police forces. It is widely assumed that surveillance devices are employed to monitor the local and international telecommunications systems. There have also been reports of tampering with mail. * * *

There is little tolerance for public criticism of basic government policies and officials at the national level. * * * The government exerts either tacit or de facto control over all authorized publications. * * *

Political opposition to the government and to FRELIMO is not permitted. * * * The formation of independent labor unions is not permitted, and strikes are forbidden. * * *

Although the constitution guarantees freedom of religion and separation of church and state, the government has placed restrictions on the activities of religious groups. It reserves the right to decide whether individual church buildings can be utilized and has nationalized church schools and hospitals. * * *

The party and government espouse a system of "People's Democracy" whereby decisions are theoretically made by consensus; in practice, this means that policies and initiatives emanate from above. The electoral process is closely controlled by the party. * * *

Amnesty International has presented to the government recommendations to strengthen the controls against torture and to limit the rights of the security forces to hold detainees for unlimited time without charge, but these recommendations have had no apparent impact on government policies.

ZAMBIA

The president possesses sweeping powers—conferred on him by emergency legislation which dates from 1964—to suspend observance of legal rights in the "interest of state security." The constitution also allowed the national assembly to suspend basic constitutional guarantees.* * *

Following a South African airstrike against Zambia on May 19, there were widespread detentions of persons suspected of being South African spies. A number of these people, primarily white foreigners, were mistreated, sometimes severely. Several governments formally protested mistreatment of their nationals while under detention.
* * *

The constitution prohibits torture, but there are credible allegations that police and military personnel have resorted to torture when interrogating detainees. A number of foreign nationals have alleged that they were detained and tortured in order to extract confessions that they were foreign agents. * * * Zambian prisons are severely overcrowded, understaffed, and unsanitary. In the past 21 years, the prison population has grown from 5,000 to 11,000 with no corresponding growth in facilities.* * *

The 22-year-old state of emergency also gives law officers and defense personnel extraordinary powers.* * * Security officers have broad powers to search suspects and their homes and sometimes act without warrants when looking for smugglers of illegal aliens.* * *

The two national dailies are owned by the government and the party respectively * * * negative comments concerning the head of state, the concept of the one-party state, or the national philosphy, "Humanism," are prohibited. * * *

TANZANIA

The party (Chama Cha Mapinduzi, the sole legal political party) attempts to control activity at all levels of society through its system of 10-family cells. * * * Unpaid "10-cell" leaders are the party officials responsible for resolving problems at the grassroots level and reporting any suspicious behavior or event within their neighborhoods to authorities. * * *

Despite the progress toward implementing a bill of rights, the government still severely restricts freedom of speech, of the press, and of association, including the right to strike. In July 1986, a police field force unit opened fire on a group of 500 workers protesting wage deductions at a sugar factory in Kilombero. Three were killed and 20 injured by police gunfire. * * *

* * * police and court officials are often bribed to delay the process of investigation and trials. Although the 1985 amendments to the criminal procedure code were supposed to lessen court congestion, in 1986 it was taking from 3 to 4 years for an average case to come to trial. * * *

The mainland government owns the only English-language daily newspaper, the National Press Agency, and the mainland radio facility. * * * The Swahili-language paper, which has a daily circulation of 100,000 is owned by the party. The newspaper act, which allows government search and seizure of any publication and withdrawal of the license to publish at any time, makes the launching of a private newspaper or magazine extremely difficult. * * *

Given the nature of Tanzania's one-party system, the freedoms of public assembly and association are limited. * * * There is only one labor union, Juwata, an organ of the party. Membership in Juwata is required of all workers. No other unions may operate. * * * Wages are set by the government, and Juwata does not bargain collectively on behalf of the workers. * * *

Political activity is forbidden except within the party. * * * All candidates for parliament must be party members.

ZIMBABWE

The prime minister of the government and president of ZANU, Robert Mugabe, has announced plans to create a one-party state through revision of the Constitution beginning in 1987. * * *

Reliable reports indicate that the authorities continued to apply torture in many security related cases. * * * The most common form of torture appears to be physical beating, inlcuding beating the soles of the feet to conceal evidence of mistreatment. Electric shocks are reportedly another, though less common, form of torture. The most notorious technique of torture is reportedly simulated drowning whereby the victim's head is placed in a water-filled canvas bag or lowered into a bucket of water. * * *

A state of emergency, renewed every 6 months by parliamentary vote, has been in continuous effect in Zimbabwe since 1965. Under the state of emergency, persons may be detained without an arrest warrant and held up to 7 days before being informed of the reasons for detention. Reasons for detention are often so vaguely worded as to made meaningful representations by the detainee on his own behalf impossible. * * * The government has made extensive use of emergency powers in vaguely defined security cases, particularly in the absence of solid evidence of wrongdoing. * * * It is virtually impossible to specify the number of persons currently detained on politically related charges. Many will probably never be brought to trial.

* * *

The number of political prisoners, as distinct from political detainees who have never been brought to trial, is unknown. However, the existing state of emergency regulations that allow security authorities to hold detainees for long periods of time without formally charging them with any crime render distinctions between political prisoners and detainees almost superfluous. * * *

Under emergency powers regulation * * * any police officer may stop and search any person or enter any area without a warrant where he has "reasonable grounds" for believing evidence of a crime may exist * * * it is widely believed that the government also continues to monitor private correspondence and telephones. Several government employees privately complained in 1986 of obvious tampering with their correspondence.

The right of citizens to refrain from associating with political parties and organizations is not always respected in Zimbabwe. Informal pressure has been brought to bear on persons who refuse to identify publicly with the ruling party. * * *

The government tends to interpret broadly its power to discourage free speech. For example, numerous persons were arrested in 1986 and charged with misdemeanors under the miscellaneous offenses act for uttering remarks disrespectful of the prime minister and/or government policies. * * * Even in private gatherings, Zimbabweans are often reluctant to voice political complaints. * * * Zimbabwe's major print media (five English-language newspapers and one vernacular broadsheet) are government controlled. Television and radio are wholly government owned. * * *

The low level of overt opposition activity in 1986 reflects both the continuing decline of opposition parties and a presumption that even if permission to hold public meetings were requested, it generally would be denied. * * * The government sets all wages and wage increases and issues regulations regarding hiring and firing, thus effectively preempting a major function of the collective bargaining process. * * * It is widely believed that any strike action would be met by government resistance. * * *

Amnesty International reports on Zimbabwe and its sustained efforts to get the government to investigate human rights abuses were vehemently denounced in parliament. * * * The government has attempted to frustrate the investigative activities of the Lawyers Committee for Human Rights, which published a major study in 1986 on the human rights situation in Zimbabwe. * * * The government has consistently refused to respond to an offer by the International Committee of the Red Cross to provide protection assistance (visits) to prisoners.

These words, the State Department's own, are painful reminders of just how far we've gone in perverting the original spirit behind the foreign aid program, born of a generous nation which dug deep into its pockets to help those unable to help themselves.

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